



Daily Report

China

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General

Wu Yi Says Open Policy To Continue If GATT Bid Fails

HK1412025694 Hong Kong SOUTH CHINA
MORNING POST (BUSINESS POST) in English
14 Dec 94 p 6

[By Linda Choy in Beijing]

[FBIS Transcribed Text] A senior Chinese official has vowed the country will continue its open door policy, even if its 8 and 1/2-year bid to re-enter GATT (General Agreement on Tariffs and Trade) failed.

Wu Yi, minister of foreign trade and economic cooperation, said yesterday China was not prepared to follow a policy of negotiating re-entry to GATT at any cost. Her re-assurance about China's commitment to open its doors came after threats by Deputy Vice-Minister Long Yongtu to close China's market and ignore the ground-breaking Uruguay Round of talks.

Speaking after a meeting with an international business delegation from Hong Kong, Ms Wu said China was not ready to give up its fundamental interests in exchange for re-entry into GATT and being a founding member of GATT's successor body, the World Trade Organisation (WTO).

Ms Wu made the comments as the deadline for the GATT negotiations drew near. Failure to re-enter GATT would mean China would not be allowed in as a founding member of WTO in January.

But GATT talks are continuing and Ms Wu's deputy, Gu Yongjiang, will go to Geneva to take charge of the crucial round of talks, on Tuesday. Yesterday, Ms Wu refused to say whether hopes of the re-entry bid were getting slim. Noting the economic success of China, Ms Wu said the WTO would be "incomplete" without its presence. Ms Wu would not comment on whether China is to accept the proposal by the European Union for it to become a founding member of WTO if the re-entry bid can be completed by July, 1995.

Leader of the Hong Kong delegation, Paul Cheng Ming-fun, quoted Ms Wu as saying that China did not insist on the actual signing of the GATT agreement by the end of the month.

The most important thing was to have the agreement struck by the end of December, Mr Cheng said. During the meeting, Ms Wu also told delegates that China would always be committed to maintaining the status of Hong Kong in three respects. Namely, Hong Kong would maintain its status as a free port, as an international financial, trading, communication, transport and information centre and as a free and international environment. On the basis that these three things would be unchanged, overseas businesses were guaranteed better development for their investments in Hong Kong.

Concluding the three-day visit, Mr Cheng said members from the 14 overseas business organisations had received assurances about the investment environment in Hong Kong as well as its role in the development of China after 1997.

[Hong Kong EASTERN EXPRESS in English on 14 December carries a similar report on page two which adds the following: "Wu said yesterday that China will seek a breakthrough at next week's meeting. 'Whether we extend the deadline depends on what we can achieve during next week's meeting,' she said after meeting representatives of 14 Hong Kong-based foreign commercial chambers."]

Wu Yi Hopes For 'Positive Results' at GATT Session

OW1412115794 Beijing XINHUA in English 1140
GMT 14 Dec 94

[FBIS Transcribed Text] Beijing, December 14 (XINHUA)—A high-ranking Chinese official voiced the hope here today that "positive results" could be achieved at the forthcoming session on China's re-entry into the GATT to facilitate the conclusion of substantive talks by the end of the year.

However, even if China fails to restore its membership in the General Agreement on Tariffs and Trade (GATT), it will continue to carry out the policy of reforms and opening up, and promote its multilateral as well as bilateral trade and economic ties with other countries on the basis of equality and mutual benefits as required by a socialist market economy, said Wu Yi, Chinese Minister of Foreign Trade and Economic Cooperation (MOFTEC).

The Chinese government will send a mission headed Gu Yongjiang, Vice-Minister of the MOFTEC, to Geneva tomorrow to participate in the 19th session of the GATT Working Party on China, Wu said.

China, she added, has always adopted a positive attitude towards its GATT re-entry, and over the past eight years it has made utmost efforts in areas such as tariffs reductions, market access, trade transparency, protection of intellectual properties.

"Now all conditions are ripe for China to resume its contracting party status in the GATT," Wu told a group of Hong Kong visitors.

While citing China's participation in the Uruguay Round talks and signing of the agreement on the World Trade Organization (WTO), Wu said that all these show that China is willing to take its due obligations in a global trade system as a developing country.

Any delay of the negotiation process for China's entry to the would-be WTO will jeopardize the effectiveness and universality of this world organization, she noted.

The substantive talks on China's GATT re-entry must be concluded before the year-end. She warned certain countries against their erroneous thinking that as the talks drag on, more concessions will be forced out of China, saying "You must stop before going too far, and refrain from demanding an exorbitant price."

Beyond the year-end deadline, China will not on its own initiative seek bilateral negotiations with GATT contracting parties or ask for meetings of the Working Party, Wu reiterated.

"It is our desire to resume our contracting party status in the GATT, and become a founding member of the WTO," which will succeed the GATT as of January 1, 1995, she said.

However, China will never trade its fundamental interests just for the sake of re-entering the GATT. "No matter what the outside pressure is, we will not barter away our principles," Wu told the Hong Kong visitors.

Editorial Says U.S. 'Diehards' Oppose GATT Return

HK1412090994 Hong Kong TA KUNG PAO in Chinese 13 Dec 94 p 2

[Editorial: "The World Trade Organization Needs China"]

[FBIS Translated Text] In the few past days, China has held a series of separate talks with some major developed countries on its participation in the multilateral world trade system. China has shown the greatest sincerity and flexibility in the talks, which have lasted eight years. China is working more intensively in order to make its economy converge with the world economy, and this will bring about more favorable opportunities for development to Hong Kong. So, Hong Kong people look forward to the success of the talks on China's reentry to the GATT.

Expanding the scope of opening up to the outside world is China's basic guideline. China has been making unremitting efforts in order to restore its status as a signatory state to the GATT. China's hope of returning to the GATT is ardent, and this is a fact known to all quarters concerned. At the same time, China is now a huge market with the largest population in the world, and it is also one of the most vigorous economic entities. If the multilateral trading system is really a global system, then China's participation is definitely a necessity. In fact, the international community has generally welcomed China's participation in the multilateral trade system. Many people have spoken out from a sense of justice and have been actively mediating between the quarters concerned. However, some people are just trying to set obstacles, and these are not aimed at obstructing China's trade but are aimed at imposing harsher demands on China because they see that China is eager to return to the GATT and they want to force China to sign the accord in a more disadvantageous position so that they

can place the Chinese economy in an unequal position under their manipulation and deprive China of its legitimate rights and interests in development.

Those who insist on imposing harsh demands on China are mainly a bunch of diehards [wan gu li liang 7316 0942 0500 6852] in the United States. They think that the United States holds "veto power" over the conclusion of an accord between the GATT and another country and can thus force China down to a lower bottom line and to give up more of its interests. Some people in the United States still harbor grievances against the extension of China's most-favored-nation [MFN] trading status, and regard this as a failure of the U.S. side even though MFN status is just a reciprocal arrangement of mutual benefit between two countries. They are now anxious to launch a "counterattack" against China in the talks on the multilateral trade agreement and even have no qualms about violating the fundamental requirements for the establishment of a global trading system. While obstructing China's return to the GATT, these people are in fact harming the interests of all countries and regions which attach importance to the regularization of multilateral trade, including the interests of Hong Kong.

An official U.S. representative published an article in Hong Kong last month, and even said that the GATT "did not give any definition of a 'developing country'" when talking about China's participation in the World Trade Organization. He described the realistic practice of China, which sits in the talks on the GATT accord as a developing country, as a "pedantic and academic argument." He also accused China of practicing "protectionism." As a developing country, China certainly needs to protect its domestic industry against excessive threats from foreign countries in order to ensure the sustained and stable development of its national economy. This will be just as conducive to international trade and does not equal protectionism. Hong Kong people are well aware of the purpose of the opinion that negates China's status as a developing country: The United States has frequently taken protectionist measures against Hong Kong, and it has also uttered similar remarks when taking such actions.

Wu Yi, the Chinese minister of foreign trade and economic cooperation, recently reiterated China's position on its reentry to the GATT, and this can be summarized into four points: First, China can promise to keep on doing what it has done. Second, China will try to do what it has planned to do as soon as possible. Third, China can work out a timetable for doing what it cannot fully do at present. Fourth, China will never do what it cannot do no matter what external pressures it faces. She emphasized that on the fourth point, the most prominent issue is China's status as a developing country. If China cannot ensure that the commitments it will take are in keeping with its current economic development level, reentry to GATT will just result in harming the process of China's reform and opening up and will completely

violate China's purpose of returning to the GATT. In that case, a return to the GATT would just be meaningless to China.

Some people on the U.S. side, particularly, have imposed harsh demands on China in the banking and finance aspect. In the past few years, China has carried out major reform and opening measures in its banking and financial system and will continue to advance the reform process. However, it is plain common sense that in the process of economic reform and rapid economic growth, the banking system plays a key role in macroeconomic regulation and control. At the present stage, China's development particularly requires the maintenance of corresponding order in the banking and finance industry, and its regulatory and control function must not be weakened because of the return to the GATT; otherwise, the consequences would be very serious.

The development of the world economy requires the continuing opening and expansion of international links. China needs the world trade system, and the world trade system also needs China. Therefore, China will eventually succeed in returning to the GATT, and it is impossible to wait too long for this.

Differences Over European Security Arrangements Viewed

HK1412084194 Beijing RENMIN RIBAO in Chinese 9 Dec 94 p 6

["International Forum" column by Gu Ping (0657 1627): "Easy To Change Name But Hard To Accomplish Something Worthwhile"]

[FBIS Translated Text] Beginning on 1 January, the CSCE will be renamed the European Security and Cooperation Organization, thereby upgrading a loose forum into an organizational entity to "meet the new challenges of the 21st century." However, most public opinion in the United States and Europe is pessimistic about it assuming an effective role with its promotion. How can people expect it "to meet the new challenges of the 21st century" when those national leaders who gathered in Budapest could not come up with action to meet any of the current challenges they face?

A war—the hottest ever since the European war [as published]—is being waged in Bosnia-Herzegovina on the Balkan Peninsula. All EC organizations, including the CSCE, lobbied and worked to produce one peace plan after another, only to be rejected by all parties in the conflict. Neither has NATO's high-handed approach worked. Certainly Bosnia-Herzegovina's complicated internal contradictions and its many problems are partly to blame, but a more important reason why this war has not ended is the competition among the foreign powers over their own interests. The Bosnia-Herzegovina conflict was to be the key item on the agenda for the Budapest summit, but because of differences between the United States and the European powers, the summit

failed to endorse a joint declaration on the Bosnia-Herzegovina conflict, and its "final document" did not even mention this hot war on Europe's very doorstep, fully betraying the CSCE's awkward position of not having an approach to this war.

At the summit meeting, the United States and Russia had a face-to-face exchange over NATO's eastward expansion, which was widely covered by Western media. Another thing of note was that French President Mitterrand surprisingly came forward in defense of Russia, accusing NATO of failing to take into consideration "Russia's uneasiness." According to news reports, the United States had not seriously consulted with its allies over NATO's eastward expansion. As for the British, French, and Russian "anti-U.S. board of directors" on the Bosnia-Herzegovina conflict, there is reason to believe that important changes are taking place in relations between the United States and its Western European allies, and there are also noteworthy changes in relations between Russia and some West European countries. NATO's eastward expansion is a fundamental issue crucial to the installation of a new post-war security framework in Europe. The dispute between the United States, Russia, and Europe is probably just beginning.

The decision to deploy a peacekeeping force to the disputed Nagorno-Karabakh area was seen as a concrete result achieved by the summit. But it will probably take some efforts and setbacks to change consent in principle into specific action which needs to be worked out, because Russia will not give up the pursuit of sovereignty over this former Soviet region, while the United States and Europe are worried that it will become a Russian "sphere of influence."

Four years ago, the CSCE announced solemnly at the Paris summit that NATO and the Warsaw Pact would "cease to be enemies." Later, the Warsaw Pact was dissolved. For the last few years, the United States has been probing for a way to build a pan-European security framework to meet the new situation which has arisen with the disappearance of confrontation between the two blocs. The European situation did ease, but a new framework involving the interests of all parties and their status in European affairs has not emerged. That is why difficult adjustments in interests are required, promising unexpected developments and surprising changes. President Yeltsin's statement about "cold peace" seems not to be so exaggerated or scary after all, and European and American political scientists' prophesy of a "new split in the old continent" is not exactly groundless.

United States & Canada

Vice Premier Li Lanqing Meets Carla Hills

OW1312124794 Beijing XINHUA in English 1236 GMT 13 Dec 94

[FBIS Transcribed Text] Beijing, December 13 (XINHUA)—Chinese Vice-Premier Li Lanqing met here today with Carla Hills, former Trade Representative of the United States.

Li briefed the guest on China's reform and opening-up policy and current domestic political and economic situation.

Hills was here at the invitation of the Institute of Foreign Affairs.

General Electric Sponsors Trade Seminar in Shanghai

OW1412080794 Beijing XINHUA in English 0727
GMT 14 Dec 94

[FBIS Transcribed Text] Shanghai, December 14 (XINHUA)—General Electric Incorporated (GE) of the United States has invited 1,500 Chinese enterprises to attend its trade seminar, which opened here yesterday.

A GE official said that his company hopes to promote the sales of its products on the Chinese market while purchasing inexpensive and quality products from China.

GE, which ranks first in the world's 500 largest enterprises, purchases more than 30 billion U.S. dollars-worth of raw materials, machinery parts and fittings worldwide annually.

The products it plans to purchase from the Chinese market include airplane engines, industrial power plants, power distribution and control systems, transportation and medical facilities, household electrical appliances, machine parts and raw materials for lights and motors.

So far, GE has set up three enterprises, with a total investment of 120 million U.S. dollars, in China.

Article Views Christopher's Mideast Trip

HK1312144794 Beijing RENMIN RIBAO in Chinese
10 Dec 94 p 6

["Roundup" by staff reporter Wu Wenbin (0702 2429 2430): "Syria-Israel Negotiations Progress With Difficulty—Commenting on Christopher's Mideast Trip"]

[FBIS Translated Text] Damascus, 8 Dec (RENMIN RIBAO)—In order to break the deadlock in the Syrian-Israeli talks and reactivate the process of negotiation, U.S. Secretary of State Christopher successively visited Syria, Israel, and Gaza of the Palestinian autonomous region from 6 to 8 December. It was his sixth Mid-East visit this year as well as his first Mid-East trip since the U.S. mid-term elections. His primary task was to meet Syrian and Israeli leaders and urge both parties to resume, as early as possible, the bilateral talks in Washington.

Under Christopher's mediation, Syrian and Israeli leaders have agreed to stop laying the blame on each other, which is harmful to peace efforts. As the press said, Christopher's efforts have not been able to lead to an immediate resumption of the Syrian-Israeli talks, but

have laid the foundation for a resumption of the ambassadorial talks in Washington.

As far as the Mid-East peace process is concerned, following the successive breakthroughs in the Palestinian-Israeli and the Jordanian-Israeli talks, the question of whether or not the Syrian-Israeli and the Lebanese-Israeli talks can make a breakthrough has become the focus of people's attention. Syria's stand is: Insistence on realizing full-scale, impartial, enduring, and true peace on the basis of UN Resolutions 242 and 338 as well as the principle of "complete troop withdrawal for full-scale peace." So far, Israel has refused to commit itself to a complete withdrawal from the Golan Heights but, at the same time, has been asking Syria to elaborate on the meaning of "full-scale peace."

At present, the two parties are still wrangling over four issues, namely, the deadline for troop withdrawal, the scope of troop withdrawal, normalization of relations, and security arrangements. On the deadline for troop withdrawal, Syria is asking Israel to withdraw its troops completely within months or a year, but Israel insists on three to five years; on the scope of troop withdrawal, Syria is asking the Israeli Army to retreat completely to the border before 4 June 1967, but Israel is urging Syria to follow the example of the Jordanian-Israeli agreement and, under the condition of resuming its exercise of sovereignty over the Golan Heights and in the form of "land for land or land for lease," allow Israel to go on occupying several strategic highlands in the border areas; on the issue of normalization of relations, Syria insists that fully normal Syrian-Israeli relations can only be established after the complete withdrawal of Israeli troops has been accomplished, but Israel is calling for an announcement of the establishment of diplomatic relations at the beginning of the first-stage troop withdrawal; and on security arrangements, Syria is asking Israel to set up security zones with the same area on both sides of the border, but Israel is calling for setting up all of the security zones on the Syrian side of the border and reducing Syrian troops to 140,000, which is equal to the number of Israeli troops.

As far as the form of talks is concerned, rather than, as was done in the Palestinian-Israeli talks on autonomy, reaching a framework agreement on principles before negotiating over details, Syria has acted differently and has been insisting on settling questions of principle and details at one stroke. Since the two parties are far apart on their stands and suggestions, the Syrian-Israeli talks remain sluggish.

It seems that the road ahead of the Syrian-Israeli talks is still rough and bumpy, and that both parties, Israel in particular, have to manifest greater flexibility on some issues before progress can be made.

Central Eurasia

Vice Premier Li Lanqing Meets St. Petersburg Group

OW1412074294 Beijing XINHUA in English 0707
GMT 14 Dec 94

[FBIS Transcribed Text] Beijing, December 14 (XINHUA)—Chinese Vice-Premier Li Lanqing met here

today with a delegation from the industrial circles of St. Petersburg of Russia.

The visitors have been here as guests of the Chinese People's Association For Friendship With Foreign Countries.

XINHUA on Situation in Russia's Chechnya

*OW1312171594 Beijing XINHUA in English 1706
GMT 13 Dec 94*

[FBIS Transcribed Text] Moscow, December 13 (XINHUA)—Russian troops were continuing their March toward Grozny today as talks between Moscow and Chechen authorities over the Chechen crisis entered the second day in Vladikavkaz, North Ossetia, according to reports reaching here.

The Itar-tass News Agency quoted Russian military sources as saying that the Defense and Interior Ministries' troops had been ordered today to seal Grozny, Capital of Chechnya.

The Russian troops, which began their operations Sunday [11 December] morning, had met armed resistance from Chechen government forces when they were advancing to Grozny.

The Russian troops supported by combat aircraft blocked attempts of armed supporters of Chechen President Dzhokhar Dudayev to break into Grozny from the countryside, the reports quoted the headquarters of the Chechen government forces as saying.

Fighting is still going on at Tersk Mountain area near the settlement of Pervomaiskaya, several kilometers away from the northern outskirts of Grozny.

The headquarters said up to 150 Russian armored vehicles and no less than 5,000 soldiers were involved in the operation.

Another Russian armored convoy is advancing towards Grozny from Nazran in Ingushetia.

By 11:00 Moscow Time (08:00 GMT) the convoy had pushed three kilometers into the Chechen territory and stopped near the settlement of Novy Sharoi, the headquarters said.

The Russian government confirmed that fighting resumed in Chechnya today and warned Chechen President Dudayev that the continuation of resistance to Russian troops by his "illegal armed units" may disrupt the Russian-Chechen talks now underway in the North Ossetian capital.

Russian government spokesman Valentin Sergeyev told reporters that the fighting resumed early this morning near the settlement of Chervlenaya some 15 kilometers away from Grozny and that over 1,000 Dudayev supporters attacked Russian forces.

"Grad" rocket launchers, artillery and armored vehicles were used in the attacks, but the Russian troops repelled all the assaults by early morning and Dudayev's units had retreated to Grozny, the spokesman said.

Despite the heavy fighting, there were no casualties today among the Russian servicemen, Sergeyev added.

He also denied reports about numerous casualties sustained by the Russian troops in Chechnya on Sunday near the village of Dolinsky. He gave no further details.

Dudayev claimed 70 Russian servicemen were killed, while Moscow put the death toll at nine.

Meanwhile, the Moscow-Grozny talks resumed for the second day in Vladikavkaz at 10:00 Moscow Time (07:00 GMT), and the Chechen side submitted a new joint document draft for a solution to the Chechen crisis, the Itar-tass said without elaboration.

Chechnya Disrupts Talks

*OW1412120294 Beijing XINHUA in English 1120
GMT 14 Dec 94*

[FBIS Transcribed Text] Moscow, December 14 (XINHUA)—The Russian-Chechen talks were disrupted in Vladikavkaz, North Ossetia, this morning as negotiators from Grozny refused to recognize Chechnya as a subject of the Russian Federation, the Itar-Tass News Agency reported.

The report quoted Chechen chief negotiator Usman Imaev as saying that "At present the Chechen side is ensuring a safe return of its representatives to Grozny," capital of the rebel republic.

"Our delegation was put into such a position when it had nothing to do but to disrupt negotiations," Imaev said, explaining that Grozny could not agree to the Russian demand to drop its independence drive.

"The Russian side demanded that the Chechen delegation sign a document according to which Chechnya recognizes itself as a subject of the Russian Federation," he said. "Neither the Chechen nor the Russian delegation is authorized to solve that issue," he added.

Chechnya, an autonomous republic of the Russian Federation, proclaimed independence in 1991. But Moscow has never recognized it.

The talks, reportedly aimed at solving the Chechen crisis, started on Monday [12 December] afternoon. Russian President Boris Yeltsin had earlier set December 15 as the deadline for Grozny to lay down arms.

The Russian troops, which entered into the breakaway republic in three tank columns on Sunday morning, have come close to Grozny.

Near East & South Asia

'Roundup' Views Results of Nepal ElectionsOW1312135794 Beijing XINHUA in English 1314
GMT 13 Dec 94

["Roundup" by Wu Xiangxin: "People's Verdict for Stability in Nepal"]

[FBIS Transcribed Text] Kathmandu, December 13 (XINHUA)—The result of the November mid-term polls obviously showed the Nepalese people's verdict for political stability, a prerequisite to economic development in the kingdom, one of the least developing countries in the world.

A minority government led by the Communist Party of Nepal (UML), which won 88 seats through the polls to become the largest party in the 205-seat Lower House, was formed on December 1.

The former ruling Nepali Congress (NC), which secured only 83 seats, had to stay in opposition after its attempts to set up a coalition government failed.

The former NC government which reigned the Himalayan kingdom for the greater part of the year, suffered badly from disputes with the ruling party.

Prolonged infighting among three NC leaders, Supremor Ganesh Man Singh, NC President Krishna Prasad Bhattarai and Prime Minister Girija Prasad Koirala, and their factions, surfaced after the NC President's defeat in the February by-elections in Kathmandu constituency.

Supporters of Singh and Bhattarai, including 36 NC dissident MPs, mounted a strong movement within the party, demanding resignation of the prime minister who was accused of being involved in a conspiracy against the NC president in the by-elections.

The NC Central Working Committee (CWC) tried time and again to keep the party's unity and resolve the bitter internal fighting, but to no avail.

The six-month-long fierce inner-party conflict eventually brought down the NC government led by Koirala on July 10.

On the recommendations of the resigned prime minister, King Birendra dissolved the parliament and declared fresh mid-term polls slated for November.

However, the polls declaration could not stop the inner-party disputes and instead pushed them from bad to worse. Actually, the NC split in two opposing sections from the top echelon to grass-roots units.

On September 16, NC Supremor Singh announced his quitting from the Nepali Congress, and a large number of local NC leaders and workers followed suit.

NC leaders had argued that "the fresh polls are necessary to resolve the political crisis and NC will come to power again with a majority in the polls to form a stable and effective new NC government."

But after the final poll results were declared, Koirala had to admit his party's defeat, saying "We should respect the people's verdict. They have indicated that they want us to stay in opposition. Whosoever forms the government will have my full constructive support."

Surya Bahadur Thapan, president of the Rastriya Prajatantra Party (RPP), the third largest party in the Lower House with 20 seats, also said, "This is people's verdict. We accept it and would support one leading party to form a new government."

On the NC's failure to command a single majority, Thapan said that the defeat was mainly brought by their internal dissensions, ineffective control of screwing price hiking, uncontrolled corruption, tilted foreign policy and lack of experience to run a government.

According to the constitution, the CPN-UML-led minority government should get the vote of confidence within 30 days in the new House which is to be summoned Wednesday. Should it fail, the new House would be dissolved and another poll would be held within six months.

Local observers ventured that the minority government would most probably get the necessary vote of confidence as no other party for the time being would like to experience another general election within a short period of six months. The other parties would rather be active opposition in the House and wait and see, they added.

Anyhow, it is widely acknowledged here that even after the minority government could get the vote of confidence, the government would still go a long and hard way before achieving real political stability.

A high-ranking government official, however, said: "The new government will govern for full five years and remain committed to development."

Economic, Trade Committee Meeting With Sudan OpensOW1312131794 Beijing XINHUA in English 1300
GMT 13 Dec 94

[FBIS Transcribed Text] Beijing, December 13 (XINHUA)—The Second Meeting of the Mixed Committee for Economic and Technological Cooperation and Trade between China and the Sudan opened here this afternoon.

Both Chinese Minister of Foreign Trade and Economic Cooperation Wu Yi and visiting Sudanese Minister of Industry and Trade, Taj al-Sirr Mustafa 'Abd-al-Salam presided over the opening ceremony.

Wu said that the Chinese government values highly its friendship with the Sudan and places great importance on its economic cooperation and trade with the country.

She said it is entirely possible that bilateral trade will raise to a new level through joint efforts, hoping that both sides will explore various forms of economic cooperation in multi-fields.

Referring to China's reform on granting assistance to foreign countries, Wu said that China will help recipient countries to develop its badly-needed small and medium sized projects within its capabilities.

The two sides will construct these projects by ways of joint investment and cooperative forms so as to promote the economic growth of the recipient countries.

Mustafa said that Sudan attaches great importance to its economic relations and trade with China and is looking forward to raising Sudan-China economic cooperation and trade to a new level.

He expressed the hope that the two sides will conduct cooperation in the fields of petroleum, textiles, maritime shipping, agricultural machinery and implements, foodstuff, medicine, building materials, mineral industry and leather processing.

The delegations of the two countries are scheduled to begin their consultations on cooperative projects tomorrow and then sign a summary of the meeting.

Political & Social**National People's Congress To Convene 21-29 Dec***OW1312153694 Beijing XINHUA in English 1407 GMT 13 Dec 94*

[FBIS Transcribed Text] Beijing, December 13 (XINHUA)—The Standing Committee of the eighth National People's Congress (NPC) of China is expected to hold its 11th session here between December 21 and 29.

The decision was made at today's meeting of the chairmen of the NPC Standing Committee, presided over by Qiao Shi, Chairman of the Standing Committee.

According to the suggestion proposed at today's meeting, the main topics on the agenda of the upcoming session will include the discussion of the draft laws of the the People's Bank of China and commercial banks, the Draft Prison Law, the Education Law, and the People's Police Law.

The coming session will also discuss the Election Law of the National People's Congress and local people's congresses at various government levels, and several international agreements.

The agenda being suggested will be subjected to approval by a session of the NPC Standing Committee.

Reporters To Cover NPC Chairmanship Meeting*OW1412045694 Beijing Central People's Radio Network in Mandarin 1030 GMT 13 Dec 94*

[From the "National Hookup" program]

[FBIS Translated Text] For the first time since the establishment of the system of people's congresses, journalist units in Beijing, including Beijing Central People's Radio and FAZHI RIBAO, were allowed to cover the chairmanship meeting of the National People's Congress [NPC] Standing Committee this morning. This is also an important part in reforming the news release system of the NPC Standing Committee. It has been learned that starting from the 11th standing committee meeting, the news briefing on the agenda of the meeting, which used to be held beforehand, will be replaced by a news conference or news briefing after the meeting. This is aimed at enriching news reports.

Before 0900 [0000 GMT] this morning, Chairman Qiao Shi, various vice chairmen, and the secretary general, successively arrived at the Jiangxi Hall and were seated at the oval conference table, on which were placed documents, paper, pens, and microphones. Persons in charge of various NPC special committees, the deputy secretary general, and people in charge of the general office, relevant bureaus, offices, and the Legislative Affairs Commission under the NPC Standing Committee, were seated in the second row. Rather eye-catching were the journalists' seats, newly-added at this

chairmanship meeting. Journalists covering today's meeting were seated on two sides of the hall—journalists of Beijing Central People's Radio and Beijing Central Television on the west and their counterparts from XINHUA News Agency, RENMIN RIBAO, and FAZHI RIBAO on the east.

Except for arranging the agenda and schedule for the 11th standing committee meeting, today's meeting also discussed the time and agenda of the Third Session of the Eighth NPC scheduled for next year; the NPC's work points for 1995; and other important issues. During the meeting, some vice chairmen expressed their views on problems they had learned about during their inspection tours. People in charge of relevant departments, who were sitting in the second row as observers, also occasionally spoke on issues being discussed, added more information, and expressed their views.

As chairman of today's meeting, Chairman Qiao Shi constantly summed up attendants' opinions and expressed his own views. The meeting lasted for two and a half hours amid a warm and lively atmosphere. Journalists on the spot deeply experienced the fresh political air.

Government Lawyers To Learn HK Legal System*HK1412054294 Hong Kong SOUTH CHINA MORNING POST in English 14 Dec 94 p 2*

[By So Lai-Fun]

[FBIS Transcribed Text] China's Government lawyers will be exposed to the common law system in Hong Kong next year under a pilot scheme organised by the Legal Department. Solicitor-General Daniel Fung said the unprecedented scheme was to supplement the present programme which provided for private practitioners from the mainland.

Since there would be two very different legal systems co-existing within China after 1997, it would be an advantage if policy-makers in China were familiar with the Hong Kong legal system. Twelve trainees selected from a list of bodies including the Supreme People's Court and National People's Congress would participate in a 12-month course with an academic component to be followed by a period of placement.

Three such courses, costing the public \$10.5 million would take place before 1997, he said. The training would be conducted principally in Hong Kong, where they would receive training in legal English, law lectures and four months placement with government departments and public bodies. They would spend the remaining four months placement in the United Kingdom. The proposal has been forwarded to the Chinese Ministry of Justice.

Security Ministry Calls For Holiday Travel Safety*OW1312140394 Beijing XINHUA Domestic Service in Chinese 0620 GMT 12 Dec 94*

[FBIS Translated Text] Beijing, 12 Dec (XINHUA)—To make sure security work during the 1995 Spring Festival

travel is properly conducted, the Public Security Ministry recently issued a circular asking public security organs in all localities to firmly follow the State Council's unified arrangements; understand the importance of this work from the high plane of safeguarding the state's stability and ensuring the smooth progress of economic construction, reform, and opening up; enhance their sense of responsibility and urgency; fully exercise their functions and play their role; take firm and effective measures; and actively coordinate with departments concerned in properly conducting security work during Spring Festival travel and in organizing the orderly movement of civilian laborers.

The circular said: Public security organs in various localities, particularly those in key provinces and cities, should make this work important; work out work programs; intensify study and guidance on this work; make full preparations and meticulous arrangements; and actively cooperate and coordinate with labor, railway, communications, and other departments. Public security organs at higher levels should dispatch powerful work teams to localities shouldering heavier responsibilities, offer assistance, strengthen guidance, and supervise their work. Relevant public security organ leaders that cause major problems through their failure to fulfill their work and duties must be investigated. Public security organs should actively cooperate with relevant departments in maintaining communications and transportation order and sternly deal with the practice of setting up highway checkpoints and collection fees without authorization. During Spring Festival, the Public Security Ministry will incorporate Beijing, Shanghai, Guangdong, and Fujian, the provinces and cities to which most civilian laborers migrate, and Sichuan and Hunan, provinces from which most civilian laborers migrate, into its work focus; pay closer attention to their situations; and give them more guidance.

The circular stressed: During Spring Festival travel, public security organs in all localities should increase police power and allow the police to fully play their role in strengthening their control over society to properly safeguard public security and order in urban and rural areas, particularly at stations and wharfs. Railway and communications public security organs should closely coordinate with their counterparts in localities and do their best to maintain public security and order at stations (ports), on vehicles (craft), and along traffic routes. More reserve police power should be deployed at key stations (ports) and on key vehicles (craft) for strict control. When crowding and chaos arise in a large crowd of detained passengers, or when trains or long-distance buses are stopped by crowds, public security organs must immediately handle such situations. Passengers should be dispersed to avoid accidental deaths or injuries caused by crowding. Illegal and criminal activities, such as scalping tickets at stations and wharfs, picking quarrels, scuffling and fighting, deliberately making trouble, swindling, insulting women, abducting and selling women and children, and extorting money, must be

firmly dealt with. Cracking down on robbers and hooligans on the road must be integrated with the on-going struggle of strictly cracking down on crimes and rectifying public order; and the original work programs must be perfected and readjusted, along with greater efforts must be made in ensuring public security work during Spring Festival travel to truly safeguard the safety of the large number of passengers.

Ministry To Expand TV Access in Remote Areas

HK1312150294 Beijing CHINA DAILY in English 13 Dec 94 p 3

[By Chen Chunmei: "TV Transmitters To Help The Poor"]

[FBIS Transcribed Text] The Ministry of Culture plans to set up 100 TV transmitters next year in poor, remote, border and minority areas.

The move, led by the Cultural Aid Committee, aims to access villagers to the outside world and provide them with information that will help them make money.

The committee will complete 36 relay stations early next year in the mountains of Taihang, Dabie, Exi (western Hubei) and Shaanbei (northern Shaanxi) as well as the hills of Yunnan Province, with the help of a 1.1-million-yuan (\$129,000) donation from Hong Kong Shun Fat Co. Ltd and Kunming Cigarettes Factory.

Each relay station will cover between 6,000 and 200,000 people.

The committee has so far set up 12 stations in Hebei, providing 60,000 mountain-dwellers with greater television choice.

Currently 17 percent of the population cannot receive TV programmes.

Meanwhile, according to Xinhua, 10 satellite receiving stations are being established in remote areas of Southwest China's Sichuan Province, where a large number of ethnic minorities live.

The 10 stations, whose equipment was imported from the United States, will soon go into operation, bringing improved telecommunications to the areas.

Several minority regions will benefit from the facilities.

Growth Rate Said Causing Environmental Problems

HK1312134794 Beijing ZHONGGUO XINWEN SHE in Chinese 0309 GMT 28 Nov 94

[By correspondents Zhu Da (2612 6671) and Xie Xiaolin (6200 1420 7792)]

[FBIS Translated Text] Beihai, 28 Nov (ZHONGGUO XINWEN SHE)—Mou Guangfeng, deputy director of the State Environmental Protection Bureau Policy and

Regulations Department, said here recently that the rapid economic growth in China is causing great pressure on the environment and the situation in abiding by and enforcing the industrial environment laws and regulations is rather serious.

According to a report about the implementation of the environmental protection laws and regulations submitted by the State Environmental Protection Bureau, since the Chinese Government began to carry out the reform and opening policy in the late 1970's, the national economy and various social undertakings have all developed rapidly. The GNP increased at a high average annual rate of 9.3 percent between 1979 and 1993 and it is expected that between now and the end of the century, China's GNP will continue to grow at an average annual rate of 8 to 9 percent. While experiencing such high-speed economic growth, China is not only facing threats from the global environmental problems but is also facing serious environmental pollution and the worsening of its ecological environment. The environmental situation is rather serious.

In the eastern coastal areas where the economies, the township and town enterprises, and the urban tertiary industries are developing, along with the high-speed economic growth, the industrial structure is becoming lighter, the economic elements are becoming more diverse, the scale of enterprises is becoming smaller, the outlay of production is becoming further scattered, and the product markets are becoming more specialized. In addition, the energy, transportation, and raw material industries are developing rapidly. All this has increased pressure on the environment and has spread industrial pollution. It is more difficult to manage the environment and control environmental pollution in such circumstances. A series of problems have yet to be solved in the aspect of abiding by and enforcing the laws and regulations on environmental protection.

Mou Guangfeng said: Because the technology and equipment in the industrial enterprises is comparatively backward, they generate and discharge a comparatively large quantity of pollutants. As the per capital GNP is as low as only \$400, it is impossible to have huge funds in the near future to start the pollution control projects. Many necessary projects were delayed in the past and the costs of the delayed urban infrastructural facilities and industrial pollution control projects amount to over \$300 billion. Township and town enterprises are developing rapidly but most of them are small and medium enterprises which have a weak sense of abiding by laws and regulations. The law-enforcement organs for environmental protection do not have sufficient manpower and the means of supervision remain backward. These are the main reasons for the serious situation in abiding by and enforcing the environment laws and regulations in China.

Mou Guangfeng pointed out: In the course of China's economic development, although the substantial development of township and town enterprises has played a

significant role in promoting the country's overall economic growth, because they are mainly located in small towns and villages and are operating on a rather small scale, it is not easy to effectively supervise their behavior related to the environment and to effectively control the pollution they cause. Moreover, many of such enterprises do not have a strong sense of abiding by laws and regulations. To a certain degree, this increases the pressure on the environment and such pressure will continue to increase. Being a functional organ of the state for carrying out the environmental protection policies, the State Environmental Protection Bureau is facing arduous tasks.

Mou Guangfeng said: Although the situation in enforcing the industrial environment laws and regulations is serious, the State Environmental Protection Bureau still has confidence in gradually resolving the environmental problems which appear in the course of the country's high-speed economic growth through strengthening environmental legislation, improving the environment-related laws and regulations, and adopting advanced technology and methods, thus guaranteeing the sustained and stable development of the economy.

The Chinese Government is now drafting a batch of environment-related laws and regulations and will adopt a series of comprehensive policies and measures for solving the problems in abiding by and enforcing the environment laws and regulations in order to reduce the adverse impact of China's high-speed economic growth on the environment to the minimum for the survival of human beings.

Strict Measures Imposed on Migrant Labor

HK1412061394 Hong Kong SOUTH CHINA
MORNING POST in English 14 Dec 94 p 9

[By Willy Wo-Lap Lam]

[FBIS Transcribed Text] Beijing has imposed strict measures in a bid to halt the flow of migrant labour to the cities. Guangdong authorities this week announced an end to the employment of out-of-province labour by business units belonging to party and government departments as well as private entrepreneurs.

Moreover, employers are not allowed to hold activities such as job fairs to attract migrant labourers. In both Guangdong and Hunan, 60 percent of migrants have been asked to stay with their employers or other hosts during the Lunar New Year. One of Beijing's top priorities is to avoid traffic snarl-ups that choke production and the distribution of goods. It is estimated that at the height of the Lunar New Year period, 200 million people will travel by train.

Labour Ministry sources said Beijing did not have a uniform policy of controlling migrant labour. The ban on hiring out-of-province workers in Guangdong will only last for one month after the Lunar New Year. Most of the cities along the coast have to rely on cheap farm hands to

work in their labour-intensive factories or in construction. In the past year, security forces have been unable to do anything about the more than 60 million underground farm hands who have settled along the coastal belt in cities like Shenzhen and Beijing.

Provinces Cooperate To Curb Illegal Immigration

HK1412094494 Fuzhou Fujian People's Radio Network in Mandarin 2300 GMT 8 Dec 94

[FBIS Translated Text] The five coastal provinces of Fujian, Guangdong, Zhejiang, Shandong, and Liaoning held a meeting in Fuzhou on 6 to 7 December and decided through consultation that the public security organs of the provinces would take forceful measures and make concerted efforts to severely clamp down on trans-regional illegal immigration activities by bringing fighting superiority as a combined force.

The current meeting on cooperation urged the public security organs and frontier defense departments of all coastal provinces to actively launch a special struggle against illegal immigration activities in line with the spirit of the recently held national conference of public security organs on severely cracking down on crime and the rectification of social order. Particularly, regions where illegal immigration activities occur frequently should strive to destroy underground channels for illegal immigration activities, capture people smugglers, and educate the ordinary people by launching a severe clampdown. Those who organize, ship, and harbor illegal immigrants should be severely punished according to the law. At the same time, we rely on the broad masses of people and will combine the clampdown on illegal immigration with rectification of the social order and with precaution efforts so that they will really understand the harmfulness of illegal immigration and conscientiously take action to struggle against it.

Numbers of Ethnic Cadres Grow in Minority Regions

OW1312144694 Beijing XINHUA Domestic Service in Chinese 2125 GMT 12 Dec 94

[By reporters Liu Guangniu (0491 0342 3662) and Bai Zhijun (4101 1807 6511)]

[FBIS Translated Excerpt] Urumqi, 12 Dec (XINHUA)—Party and government departments at all levels in China's minority regions regard the training of minority cadres as a strategic task of overall significance. They have selected and trained minority cadres through various means, thus causing the ranks of such cadres to keep growing and to show qualitative improvements with each passing day.

During recent interviews in minority provinces and regions, these reporters learned that the numbers of minority cadres in various areas had increased rather rapidly in recent years. Of these, the number of minority cadres in Xinjiang Uygur Autonomous Region tops

264,000, or 46 percent of the region's total number of cadres. The figure is 88 times the number in the early years of the founding of New China, and the growth rate is higher than that for minority people. The number of Hui nationality cadres in Ningxia Hui Autonomous Region tops 22,000, which is more than seven times the number in 1958, and represents 16.6 percent of the total number of cadres. Minority cadres in Gansu Province number 29,500, representing 5.3 percent of the province's total number of cadres and a 150-percent increase over 1978. The number of minority cadres in Guangxi Zhuang Autonomous Region is 337,700, accounting for 34.5 percent of the total number of cadres and representing a 121.4-percent increase over 1978.

While constantly expanding the ranks of minority cadres, minority provinces and regions have made full use of party schools at all levels, cadre schools, technical secondary schools, and institutions of higher learning to generally provide training to minority cadres in the form of theoretical, scientific, general, and on-the-job vocational education. They have also selected and trained minority cadres of fairly high caliber in a planned and purposeful manner, starting with recruiting and employing cadres, assigning jobs to graduates of technical secondary schools and institutions of higher learning, and reassigning demobilized soldiers. Consequently, managerial and professional technical personnel of ethnic origins who are both politically reliable and professionally competent have filled posts in the political, economic, legal, cultural, educational, scientific and technological, medical, and public health arenas. [passage omitted]

With the assistance and support of relevant central departments, minority provinces and regions have generally adopted measures to promote interchanges of cadres, such as those between minority regions and coastal developed provinces and cities, between relatively developed and underdeveloped counties and townships within the same minority regions, between higher and lower levels, and between different posts. This practice has played a tremendous role in helping minority cadres widen their outlook, develop new ideas, enrich their experiences, and improve their work performance, as well as in promoting economic and cultural exchanges and cooperation between regions. [passage omitted]

Large numbers of politically reliable and professionally competent minority cadres in China now play an active role in leadership positions at all levels, scientific research, and production. All top administrative posts in China's autonomous minority regions, autonomous minority prefectures, autonomous minority counties, and minority townships are filled by cadres of the relevant autonomous minority groups. Minority cadres account for substantial proportions of cadres in the leading bodies of party committees, people's congresses, governments, and Chinese People's Political Consultative Conference committees at all levels, as well as those

of various departments. In some autonomous regions where minority people account for sizable proportions of local populations, the ratios of minority cadres are even larger than those of minority people to the local populations. Among autonomous prefectural leaders in Gannan Tibet Autonomous Prefecture and Linxia Hui Autonomous Prefecture in Gansu Province, minority cadres account for 68.7 percent and 60 percent, respectively, of leading cadres at the corresponding level. Minority cadres represent 64 percent and 48.9 percent, respectively, of cadres in the four major leading bodies in 20 minority counties in Gansu and in 80 counties (cities) in Guangxi. The percentage in Guangxi is much higher than the percentage of minority people of that region's total population.

Nationwide Job Fair for College Graduates Held
OW1412082594 Beijing XINHUA in English 0800 GMT 14 Dec 94

[FBIS Transcribed Text] Xian, December 14 (XINHUA)—The Ministry of Personnel is optimistic about fulfilling its target of sending 100 college graduates to Tibet next year.

The Tibet Autonomous Region has received more than 400 application forms from students expecting to graduate next summer since it set up a counter at the first nationwide job fair, which closed Monday [12 December] in this capital of Shaanxi Province.

The job fair was attended by 20,000 students from 235 institutes of higher learning from across China.

Meanwhile, the number of applicants for jobs in other border and under-developed regions such as the Xinjiang Uygur Autonomous Region, Gansu Province and the Guangxi Zhuang Autonomous Region also increased considerably.

In the past only a few of college students favored these under-developed regions.

Analyzing the growing interest in jobs in Tibet and other border areas, a government personnel official said that more and more college graduates want to display their talents and practise the technical know-how they have learned at universities in the development of Tibet and other border areas.

In addition, graduates in these regions enjoy better pay, quicker promotion and more welfare compared with those working in inland cities nowadays, the official added.

Science & Technology

PRC Builds First Multi-Channel Solar Telescope
OW1312144794 Beijing XINHUA in English 1433 GMT 13 Dec 94

[FBIS Transcribed Text] Beijing, December 13 (XINHUA)—A multi-channel solar telescope, hailed as the

world's first by the international astronomic community, starts operation today here at the Huairou Tracking and Telemetering Station in the Yanshan Mountains in northeast Beijing.

The telescope, with a multi-channel light-spectrum filter, was designed and built by a research group led by astronomer Ai Guoxiang, an academican of China's Academy of Sciences.

As early as ten years ago, when the solar magnetic-field telescope was just under installation and trial operation, Professor Ai found the advantages of replacing the traditional polarizing sheets with polarizing light-beam separators, which were expected to acquire monocolored pictures of different wave lengths.

The discovery laid a solid theoretical foundation for the making of the multi-channel solar telescope. The powerful telescope is particularly useful in stereoscopic observation, said experts from the Beijing Observatory.

The central multi-channel spectrum filter consists of nearly 1,700 crystal and spectrum filtering lens divided into 77 stages and equipped with 84 electric motors and 20 independent thermostats. "It is certainly the most sophisticated light filtering system in the world," a researcher from the Chinese Academy of Sciences said. "Its spectral resolution is double that of the best ever made," he added.

Researchers said that the unparalleled capability of the telescope is bound to help Chinese astronomers and physicists in conducting world-advanced research on solar physics.

PRC To Use Satellite Receivers in Antarctic
OW1312153394 Beijing XINHUA in English 1453 GMT 13 Dec 94

[FBIS Transcribed Text] Beijing, December 13 (XINHUA)—China will use new satellite data receivers next year for better research on the climatic changes in the Antarctic region.

This was revealed here by the National Bureau of Oceanography (NBO).

The Jiu San Society presented NBO with two sets of high resolution meteorological satellite data receiving equipment.

This is the second time for the Jiu San Society to present such equipment to NBO.

Jiu San member Jing Qiyi, General Manager of the Chuanye Electric Corp. Beijing, signed the contract with Chen Liqi, head of Antarctic Survey Office of the NBO.

The Jiu San Society is mainly composed of senior and middle-level intellectuals engaged in science, technological, cultural, education, medical, and health work. It was founded in 1944 with the name "Democracy and Science Society" and was renamed "Jiu San Society" on

May 4, 1946 in commemoration of the victory of Anti-Japanese War on September 3, 1945.

As a member who received China's first meteorological satellite picture from an instrument developed by himself, Jing will go to the Antarctic region next year to install the new equipment.

From 1991 to 1992, Jing was in the Antarctic for the first time to adjust the receivers used by the Zhongshan Station and the Great Wall Station.

The high resolution meteorological satellite data receiving stations that were put into use in 1992 marked the beginning of China's collection of the atmospheric data over the Antarctic area.

NBO director-general Yan Hongmo said that the new data receivers will effectively improve meteorological observations in the Antarctic.

China began Antarctic expedition in the early 1980's. Eleven research teams have been to the area. During the Ninth Five-Year Plan (1996-2000), China is to focus its Antarctic study on global climatic changes as the climatic changes in the Antarctic affect changes not only in China but also in the world as a whole.

Electronic Phone Directory Developed in Shanghai

OW1112103594 Beijing XINHUA Domestic Service in Chinese 0421 GMT 10 Dec 94

[By reporter Feng Yizhen (7458 0076 3791) and correspondent Liu Sunan (0491 5685 0589)]

[FBIS Translated Text] Shanghai, 10 Dec (XINHUA)—New progress has been made in developing ways to register telephone numbers. China's first electronic telephone directory recently came up in Shanghai and passed appraisal on 9 December.

Applying multimedia technology to the telephone number inquiry system will greatly increase telecommunications resources efficiency, simplify inquiry procedures, and provide the latest accurate information for users.

The "CD-ROM" [compact disc, read only memory] electronic telephone directory jointly developed by the Shanghai Telephone Directory Company and the Shanghai University Computer Science Department looks just like a CD with features including large memory, quick enquiries, multifunctions, and low cost. A 10-mm-thick yellow page telephone directory and a Chinese-English bilingual telephone directory can be entered in a CD. Users can check out telephone numbers by entering telephone subscribers' addresses, names, post codes, or four other kinds of information. Users can also enquire about telephone numbers with incomplete information. The electronic telephone directory offers other services, such as automatic dialing to enable users to check out telephone numbers and dial at the same time. Users can

establish an "address book" with the directory and use a computer to print out address labels and envelopes. In addition to storing various information about telephone subscribers, the CD can directly transmit to users audio and video information to introduce enterprises and their products.

The electronic telephone directory's prospects are bright. At present, the Shanghai Telephone Directory Company is cooperating with foreign companies in planning the production of CD's of international standards to enter the international market. The company will publish electronic telephone directories in the form of cassette tapes to offer more choices to computer users.

Economic & Agricultural

Finance Minister Discusses Fiscal Policy for '95

Announces Tighter Fiscal Policy

OW1412055694 Beijing XINHUA Domestic Service in Chinese 1031 GMT 13 Dec 94

[By RENMIN RIBAO reporter Li Jianxing (2621 1696 5281) and XINHUA reporter Ding Jianming (0002 1017 6900)]

[FBIS Translated Text] Beijing, 13 Dec (XINHUA)—At a national financial work conference held here today, Finance Minister Liu Zhongli said: Reform of the fiscal and taxation systems, which China initiated at the beginning of this year, has yielded breakthroughs. This year's implementation of the state budget has also been quite normal. In next year's financial work, we should implement a moderately tight fiscal policy and resolutely control inflation.

Liu Zhongli said: Reform of the fiscal and taxation systems carried out in China this year has proceeded in a macroeconomic environment that is not free of restrictions, and its implementation has been quite difficult. In a fairly short period of time, however, we not only promoted a common understanding throughout the party and society, but reconciled contradictions in various quarters with fairly good results, thus helping to introduce the reform on schedule in accordance with the State Council's unified plan. Moreover, the reform was not grossly distorted in the course of implementation, with the result that the basic framework of a new fiscal and taxation system was established, and the smooth functioning of the new system was guaranteed. More importantly, the fiscal and taxation reform has not caused great tremors [da di zhen dang 1129 4104 7201 5616] in economic life, has not had an impact on the level of commodity prices, has not affected the normal growth of financial revenue, and has not increased enterprises' overall burden. Liu Zhongli said: It is simply not easy to make this progress in fiscal and taxation reform that has won very favorable comment from the international media.

According to Liu Zhongli, China's financial revenue in the first 11 months of this year increased by 18.9 percent over the same period last year, whereas financial expenditure grew by 22.1 percent. Implementation of the budget was quite normal.

Liu Zhongli pointed out: While affirming our achievements, we must carefully analyze and approach problems currently existing in fiscal and taxation reform and relevant work. As fiscal and taxation reform goes, the current achievements are only relevant to the present stage, and we should not overestimate them. We still face a fairly grim situation in budget implementation and control.

In light of this situation, Liu Zhongli proposed that in drawing up plans for next year's financial revenue and expenditure, we should follow this guideline: Implementing a moderately tight fiscal policy and resolutely controlling inflation; continuing to improve and deepen reform of the fiscal and taxation systems with active efforts to coordinate this reform with reform of state-owned enterprises and other supplementary reforms; striving to tap potential sources of additional income by strengthening and improving fiscal and taxation management to harmonize financial revenue growth and economic growth; and further readjusting the spending pattern by increasing input in agriculture, continuing to rein in investment and consumer demand, and exercising strict budgetary restraint while ensuring moderate growth in spending for the government and its undertakings.

Liu Zhongli emphasized: In next year's financial work, financial departments at all levels must attach great importance to supporting agriculture, stabilize and increase financial input in agriculture, readjust the mix of aid-agriculture funds, ensure that such funds are released on time, and selectively support the construction of agricultural infrastructure, the promotion of agricultural science and technology, the establishment of a socialized service network in rural areas, and the construction of suburban bases that produce nonstaple foodstuffs, especially vegetables.

Liu Zhongli pointed out: We should strictly control payroll expenses and institutional consumption. In the matter of wages next year, administrative institutions should devote their main efforts to assimilating the wage policy introduced this year. Also, we should strictly control the growth of wages for workers and staff members in state-owned enterprises, so that the growth of total wages in enterprises will be lower than that of profits and taxes, and that the growth of the average wages of workers and staff members will be lower than that of labor productivity in enterprises. In institutional consumption, we should strictly adopt thrifty practices and oppose extravagance and waste, whether in production, construction, distribution, or consumption. We should investigate and sternly deal with practices of wantonly squandering state financial resources, and halt

activities launched under various pretexts in connection with "New Year shopping" and business solicitation that produce little effect but waste money and manpower.

Liu Zhongli stressed: Given next year's glaring imbalance between financial revenue and expenditure, all departments should think of tightening their belts, and, in planning their financial expenditures, continue to follow the principle of guaranteeing money for key spending categories and curtailing general spending items. Financial departments at all levels should show a deeper sense of budgetary restraint to ensure that expenditures will not exceed the budgeted figures.

Stresses Taxation Management

HK1412064594 Beijing CHINA DAILY in English 14 Dec 94 p 1

[By Liu Ting: "Minister Announces Tight Finance Policies"]

[FBIS Transcribed Text] The central government will conduct strict finance policies next year in a bid to curb inflation, control expenditure and restrain investment, Finance Minister Liu Zhongli said yesterday.

He also emphasized boosting revenues and strengthening taxation management to ensure that the growth of State coffers keep pace with that of the national economy.

Liu told those attending a national finance conference in Beijing that increasing agricultural input is one of the ministry's most important tasks in 1995.

He urged local finance departments to support agricultural production and development of the rural economy.

They also need to improve tax collection to meet the budget, tighten management on State assets and speed up construction of the finance legal system.

Liu said the ministry will accelerate the drafting of laws concerning State debt, State property, value-added tax, basic taxation, business, consumption and enterprises income taxes.

Next year the ministry will increase efforts to perfect the tax-sharing system, and play an active role in enterprise and social security reforms.

Liu said this year's fiscal reform achieved initial success without a major impact on the country's economy.

The State budget was implemented throughout the past 11 months thanks to the smooth operation of the new tax system and robust economic growth.

Between January and November, national revenues increased by 18.9 per cent reaching 419.5 billion yuan

(\$49.35 billion) and fulfilling 88.1 per cent of the budget goal.

National expenditures over the 11 months amounted to 441.9 billion yuan (\$52 billion) accounting for 81.4 per cent of the budgeted figure.

By the end of November, industrial and commercial tax revenue hit 380.57 billion yuan (\$44.77 billion) or 89.5 per cent of the target total, according to Xiang Huaicheng, deputy director of the State Administration of Taxation.

The figure was a 28.4 per cent increase over the corresponding period last year, Xiang told those attending a national taxation conference here this week.

Further perfecting the new tax system and tightening tax collection are among the nation's taxation departments main tasks for 1995.

Another task will be to draw up the taxation programme in the Ninth Five-Year Plan period (1996-2000), said Xiang.

'Official Sources' Expect Inflation To Fall

OW1412072994 Beijing XINHUA in English 0714
GMT 14 Dec 94

[Article by Chen Xin: "Inflation in China Expected To Fall Soon"]

[FBIS Transcribed Text] Beijing, December 14 (XINHUA)—Signs of an improved economic situation have emerged in China toward the end of this year, lifting hopes that rampant inflation will decline soon.

Official sources told XINHUA today that nationwide fixed-assets investment is estimated to grow at around 25 percent this year, to reach 1,550 billion yuan.

The growth rate represents a drop of 30 percentage points from that in 1993.

Meanwhile, a tight monetary policy adopted by the central bank has helped reduce the growth rate of notes in circulation by about eight percentage points from last year.

The figures reinforce the view that, as the government has geared up macro-economic control, a halt to price hikes is now within reach.

Inflation hit 27.7 percent in October and is officially forecast at 21 percent throughout 1994.

"There are indications that inflation may have peaked and may fall from now on," Pieter Bottelier, chief of the World Bank's resident mission in China, told XINHUA.

Though excessive demand still exists in the economy, investment fever is down and the overall situation at present is better than a year ago, Bottelier said.

"The Chinese economy is basically on the right track," he said.

Echoing Bottelier's comment, a model-based research by economists at the Chinese Academy of Social Sciences (CASS) shows that a turning point in the inflation trend is most likely to occur early next year.

While major economic indicators improve, inflation is set to embark on a downward path sometime between now and the end of the first quarter of 1995, the research says.

The Chinese economy has been developing rapidly for the past three years. Following two years of over-13-percent annual growth, the Gross Domestic Product is tipped to expand at 11 percent in 1994.

The double-digit growth has resulted in overheated demand in investment and consumption, giving rise to excessive note issuance and price rises, CASS economist Fan Gang said.

In the meantime, reform steps for the establishment of a market economy have to readjust the previously distorted price system, which contributed to inflation.

A shortage of supply of some agricultural products, caused by natural disasters, and rampant profiteering by part of the commercial sector are also to blame, Fan said.

In past months, the Chinese government has tightened macro-control by putting a strict rein in fixed-assets investment, rectifying the banking and commercial sectors, increasing agricultural input and delivering part of the state's food and oil reserves to the market.

The central authorities have also pledged to place anti-inflation at the core of its economic work in 1995.

"With all these efforts continuing, inflation in China will probably drop to around 15 percent, or even lower, in 1995," said Li Boxi, a leading economist of the Development Research Center of the State Council, a governmental think tank.

However, she also warned that, even with the 15 percent rate, inflation will still be too high. Thus close attention needs to be paid to this.

Bottelier put the point in another way: "China's inflation is to a large extent induced by the market-oriented reform and will be inevitable for years to come," he said.

"Inflation will only be conquered by completing the reform process," the World Bank official stressed.

Minister Outlines 1995 Labor System Work

OW1312162094 Beijing XINHUA in English Xinh
GMT 13 Dec 94

[FBIS Transcribed Text] Beijing, December 13 (XINHUA)—China's Labor Minister Li Boyong pledged today that quicker steps will be taken to implement the labor contract system nationwide and that strict checks will be made on basic working standards in enterprises next year to enforce China's first labor law.

The law, aimed at protecting the legitimate rights of laborers and at equalizing labor relations, was passed in July this year by the National People's Congress Standing Committee, and will go into effect on January 1, 1995.

At the final session of the National Labor Conference, Li said the labor contract system means "a historic change" in China's "Iron Rice Bowl" system that prevailed for several decades, under which workers' jobs were guaranteed by the government and were immutable.

He declared that the new system defended by the new Labor Law was the foundation of the country's new labor system in accordance with a market economy. "It is also vital to the enforcement of the law," he added.

"However," he admitted, "the implementation of the new labor system will test the resilience of the public psychology and many other areas."

Some private employers may be reluctant to adopt it, and some workers in state-owned enterprises may worry about what they may lose after the change, he said.

The minister said that administrative labor departments must be close to enterprises to make sure the reform is carried out.

He promised that the labor contract system will be "basically established" in China within one year of the labor law's taking effect.

Official figures show that the contract system has been carried out in 13 provinces and municipalities, including Beijing and Fujian, and involving more than 40 million laborers, or one quarter of the urban employees.

To carry out the letter of the law in protecting the legal rights of employees, the minister said that basic working standards must be observed and checked, and cases of violations of workers' rights be strictly dealt with.

Basic working standards cover work hours, overtime work, rest, vacations, wages, social security, and work safety and hygiene.

Li Boyong stressed in particular that wage standards and safety rules must be checked because they are directly relevant to the worker's working and living conditions.

Cases of workers' rights being violated have also been frequent, especially in some private firms or overseas-funded ones, Li complained, with some even resulting in severe casualties.

Ten provinces with more than 1,000 cities and counties have set up labor inspection organizations to protect against infringements.

Wei Jianxing on Implementation of New Labor Law

OW1412091994 Beijing XINHUA Domestic Service in Chinese 0945 GMT 12 Dec 94

[By RENMIN RIBAO reporter Pan Yue (3382 6460) and XINHUA reporter Chu Baoping (2806 0202 1627)]

[FBIS Translated Text] Beijing, 12 Dec (XINHUA)—Speaking at the closing ceremony here today for the Second Session of the 12th All-China Federation of Trade Unions [ACFTU] Executive Committee, Wei Jianxing, member of the CPC Central Committee Political Bureau and ACFTU chairman, noted: We should seize the opportunity stemming from the implementation of the "Labor Law" to promote efforts to reform and establish trade unions, and to give greater scope to trade unions' role in reform, development, and stability.

Wei Jianxing noted emphatically: Protection is the main avenue by which we make trade unions serve the party's central task. By protecting the legitimate rights and interests of workers and staff members, we can preserve and arouse their initiative in actively completing the various tasks put forward by the party and government. He said: The guiding ideology for trade unions' work in 1995 calls for earnestly implementing the guidelines of the 14th CPC National Congress, the Third and Fourth Plenary Sessions of the 14th CPC Central Committee, and the central economic work conference under the guidance of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and the party's basic line; continuing to keep in mind the general work requirements of the entire party and country for "seizing the opportunity, deepening reform, opening up wider, promoting development, and maintaining stability"; handling the relationship between reform, development, and stability more properly; and taking the implementation of the "Labor Law" as an opportunity to bring along various endeavors, promote self-reform and self-improvement, raise trade unions' work to a new level, and give greater rein to trade unions' role in reform, development, and stability.

Wei Jianxing said: In implementing the "Labor Law," we should make overall plans while stressing key areas and tackling key contradictions. For trade unions, the important link and crucial issue is the signing of collective contracts with enterprises by trade unions on behalf of workers and staff members. To keep a firm hold on collective contracts is the crux of implementing the "Labor Law," with the result that "a slight move in one part will affect the situation as a whole," and the various endeavors carried out by trade unions in implementing the "Labor Law" will be promoted. The signing of collective contracts should be carried out gradually and in stages. At present, we should first carry out experiments in some foreign-funded enterprises, in enterprises that implement the modern enterprise system on a trial basis, and in some state-owned enterprises that are in fairly good shape. Collective contracts should go through a process of development, from being imperfect to being perfect. In accordance with the "Labor Law," we should draw on past experiences, keep exploring things in the course of practice, accumulate experiences on a continual basis, and gradually improve and upgrade the law. The majority of enterprises currently need to make ample preparations in this connection.

Wei Jianxing noted: In implementing the "Labor Law," we must observe the relevant standards and act in accordance with the law. Enterprises, trade unions, workers, and staff members alike should assume such a positive attitude and show such a responsible spirit. This is the guideline that we must follow in implementing the "Labor Law." Meanwhile, we should be aware that we do need some time before we can meet all the labor standards prescribed in the "Labor Law." If we cannot meet some standards for the time being, we should adopt appropriate interim measures and remedial methods, actively create conditions, and set deadlines for attaining the standards. We should promptly report major problems to the departments concerned. However, problems that seriously threaten the lives and safety of workers and staff members should not be allowed to exist even for one day. We should by no means make concessions on the long-running, institutional issue of overtime pay.

In conclusion, Wei Jianxing stressed: We must understand and carry out trade unions' work within a broad context. We must always approach and deal with the implementation of the "Labor Law" within the context of the general requirements of the entire party and country, which we should serve conscientiously.

The meeting also held by-elections to elect Wang Yuchen [3769 7183 6591] and Bao Xinbao as members of the 12th ACFTU Executive Committee, Bao Xinbao and Ji Mingzheng [4764 2494 2398] as members of the 12th ACFTU Executive Committee Presidium, Wang Tianyun [3769 1131 0061] and nine other comrades to replace some members of the 12th ACFTU Executive Committee, and Zhu Kaiping [2612 7030 5407] and two other comrades to replace some members of the 12th ACFTU Economic Review [jing shen 4842 1399] Committee.

Official Clarifies New Labor Law

OW1412095094 Beijing XINHUA in English 0927
GMT 14 Dec 94

[FBIS Transcribed Text] Beijing, December 14 (XINHUA)—To clear up the misunderstanding among some employers both at home and abroad that China's new Labor Law might "over-protect the interests of workers," the central authorities stressed today that the legal and legitimate rights of employers will not be affected.

"Entrepreneurs do not need to worry that strict rules protecting labor rights might eat up their profits, or that their business operation rights might be crippled," said Chen Gang, Director of the Laws and Regulations Department under the Ministry of Labor.

"They should instead realize that both employers and employees stand equal before the law. Their rights are protected and their duties are spelled out clearly in it," Chen said in an interview with XINHUA.

The law, to go into effect January 1, 1995, states that its aim is to protect the rights of both workers and employers, and regulate labor relations in a reasonable way.

The first goal is a basic one for all labor laws in the world, and is consistent with international labor conventions, he said.

Some enterprise owners have complained that the limits on overtime and the enforcement of a minimum wage system as stipulated in the law will hamper efficiency and increase production costs.

Chen claimed that these standards are necessary to defend the basic rights and interests of workers, and should be bottom-line requirements for enterprises.

He explained that the criteria are a marriage of China's reality and international practice, and are acceptable to most employers, according to a recent Labor Ministry survey of overseas investors.

"If these standards can not be met, and the basic rights of workers are not guaranteed, there can be no normal labor relations or stable social environment," he said, asking, "In that case how could enterprises operate normally?"

The Labor Law confines daily working hours to not more than eight, and monthly hours of work to 44. Overtime work must be agreed upon by the trade union and the worker himself if it is necessary for business, the law says.

Overtime normally must not exceed one hour a day, but even in emergency situations it cannot exceed three hours a day or 36 hours a month.

The minimum wage standards can be decided by different local governments according to their economic development and consumption levels, the present Labor Law says. Five provinces and municipalities, including Beijing, Shanghai and Zhejiang, have already announced their standards. Most of the other parts of the country are expected to publicize their own by the end of this year, Chen said.

He also claimed that the Labor Law has made a breakthrough in entitling enterprises to operation rights.

The law provides that employers can lay off employees in time of severe business difficulties after consultation with the workers' union and the local labor department.

They are also allowed to dismiss incompetent staff after job training or job reallocation have failed.

The other rights of enterprises are covered in the Corporate Law and the Enterprise Law, Chen said.

He said that another advantage for employers that they will have a law to resort to in face of labor disputes.

Some 12,000 labor disputes popped in last year and 15,000 have emerged so far this year, according to Chen.

Most of the respondents to the Labor Ministry survey welcomed the new law, as they regarded the legalization of labor relations as an important aspect of the investment environment.

Official Previews New Tax System, Plans for 1995*OW1412112194 Beijing XINHUA Domestic Service in Chinese 0835 GMT 13 Dec 94*

[By RENMIN RIBAO reporter Li Jianxing (2621 1696 5281) and XINHUA reporter Ding Jianming (0002 1017 6900)]

[FBIS Translated Text] Beijing, 13 Dec (XINHUA)—These reporters have learned from the national taxation work conference, which opened today, that over nearly one year of practice, China's old tax system has been smoothly replaced by the new one. The new tax system is currently running normally and tax revenue maintains a trend of steady growth. According to statistics, the state has collected 380.57 billion yuan in industrial and commercial tax by the end of November, up 28.4 percent from the same period last year and constituting 89.5 percent of this year's revenue target.

Xiang Huaicheng, deputy director of the State General Administration of Taxation, said at the conference: This is an unusual year for China's taxation history. The great efforts being devoted to the tax reform, the wide scope of the reform, the complexity of the situation, and the arduousness of the work are rarely seen since the founding of the country. Under the correct leadership of the CPC Central Committee and State Council; the support and cooperation of local governments at various levels, relevant departments, and the broad masses of people; and efforts of all taxation cadres, however, we have made great achievements in tax reform: the new tax system is basically in place and preliminary success is achieved in tax reform, which have effectively promoted the establishment and development of a socialist market economic structure; the establishment of two taxation organs around the country is basically completed, which has provided an important organizational guarantee for the implementation of the revenue-sharing system; and significant progress has been made in the collection and management of tax revenue, which is now an important item on the agenda. Meanwhile, tax revenue has grown steadily and we expect to overfulfill our taxation target this year.

Xiang Huaicheng also noted: Although the new tax system has been implemented for almost one year, many localities still fail to completely follow the rules in the new tax system. Some of them even adapted policies at random, set precedents for tax exemption and reduction, or refused to carry out the new tax system by defaulting tax payments for a long time. Moreover, some of them juggled with value-added tax and consumption tax, such as applying tax rates indiscriminately and reducing tax bases, to erode revenue of the central authorities. Although these are individual cases, the harm is great and such practices should by no means be left unreined. Xiang Huaicheng stressed: It is necessary to take effective measures and firmly rectify all kinds of behavior

violating the new tax system to maintain the fruit of tax administration according to law.

Speaking on the taxation work for next year, Xiang Huaicheng noted: The focal points of next year's taxation work is to further consolidate and improve the new tax system, strengthen the collection and management of tax revenue and vigorously create more revenue sources, promote reform of tax collection and management, step up the establishment of a scientific and well-organized system for tax collection and management, and strive to strengthen the construction of the ranks of taxation cadres. Xiang Huaicheng stressed: Presently, we should particularly attach importance to the collection and management of value-added tax, consumption tax, and individual income tax; improve and perfect the export tax reimbursement rules; strictly crack down on all kinds of tax evasion and deception; and further rationalize the relations between state and localities in terms of tax collection and management.

New System To Promote Reform*HK1412134094 Beijing ZHONGGUO XINWEN SHE in English 0950 GMT 14 Dec 94*

[FBIS Transcribed Text] Beijing, December 14 (CNS)—"It can be said with certainty now that implementation of the new taxation system not only has no negative impact on production, prices, openness and stability, but also give a great impetus to reform and openness as well as healthy development of economic construction in all fields", said Mr. Xiang Huaicheng, deputy director of the State Administration of Taxation of China, at the meeting attended by directors of taxation administrations at various levels being held here.

Mr. Xiang said after one year's tuning, a smooth transition from the old taxation system to the new taxation system had been accomplished. Various relevant policies had been in place and were operating in a purring way.

He also said implementation of the new taxation system was an important reform measure in the course of China's transition from a planning economic system to a socialist market-based economy. In view of the past experience, an overall adjustment and reform of the taxation system would surely exert great influence on social stability and economic development. It was an important but sensitive and risky move. The one year's practice had proved China's new taxation system was having a more and more remarkable impact on the establishment and improvement of the socialist market economy. The impact could be outlined as the following:

The new taxation system has created a better environment for collection of tax. The principle of administering tax according to law has been further carried out, curbing well illegal tax exemption and abatement of tax, enabling enterprises to compete openly on an equal footing.

The new taxation system has strengthened the macro-control capability of the state. The tax items under the

new taxation system, incorporated by the separated tax system and separated establishment of organizations, has strengthened the central government's capability of allocating financial funds.

The new taxation has further smoothed distribution relationships. For example, the new taxation system has expanded the range of resource tax, adjusted the tax rate and levied tax on mining exploiting, thus, in fact, transferring some of the national income of developed coastal regions to underdeveloped central and west parts so as to balance the regional economic development.

The new taxation system has embodied the industrial policy of the state, promoted rationalization of the economic structure and increased social effective supply. On the one hand, the new taxation system has consolidated the fundamental status of agriculture and the raw materials industry, and supported the "food basket" project and the development of national defence, education and civil affairs. On the other hand, the new taxation system has encouraged enterprises to face the market to produce needed commodities in order to increase effective supply.

The new taxation system has also further integrated with the international taxation system, promoting openness to the outside world and safeguarding the consistent nature of China's openness. It has been widely acclaimed by foreign investors.

Besides, China has well fulfilled this year's target of taxation, and establishment of the taxation administrations at both state and local levels have been basically accomplished, ensuring implementation of the separated taxes system.

PRC To Crack Down on Tax Evasion

OW1412073194 Beijing XINHUA in English 0647
GMT 14 Dec 94

[FBIS Transcribed Text] Beijing, December 14 (XINHUA)—China will consolidate and perfect its new taxation system next year, and crack down on all types of tax evasion, said a government official.

Xiang Huaicheng, deputy head of the State Administration of Taxation, China will step up its efforts for the establishment of a scientific and watertight system of tax levying and management next year.

At present, he told an ongoing national taxation conference, efforts must be directed to the levying and management of value-added tax, consumer tax and income tax, and the smoothing of the relationship between the central and local governments as far as taxation is concerned.

China started its taxation reform less than a year ago, introducing a divided taxation system and setting up two taxation institutions at state and local levels, respectively.

Over the past 11 months the country has levied industrial and commercial taxes totalling 380.57 billion yuan, an increase of 28.4 percent over the same period of the previous year, and accounting for about 89.5 percent of the planned figure for this year.

However, Xiang revealed, the country still faces problems in its reform of the taxation system, such as illegal remission and reduction of taxes.

Securities Commission Head Views Stock Market

HK1312133794 Hong Kong TA KUNG PAO in Chinese
30 Nov 94 p 2

["Special dispatch" from Beijing by staff reporters Hung Wen-ping (3163 2429 3521) and Li Ping-Hua (2621 3521 5478): "Liu Hongru, Chairman of China Securities Control Commission, Talks About Development of Stock Markets in China, Stresses That China Attaches Importance To Improving the Securities Law and Regulations, and Reveals That the Number of State-Owned Enterprises Listed Overseas Has Increased to 22"]

[FBIS Translated Text] Beijing, 29 Nov (TA KUNG PAO)—Liu Hongru, chairman of China Securities Control Commission, said: The pace of development and legislative control of China's securities market is quite fast compared with other parts of the world but China's securities market is still at an initial experimental stage, so the current actions are not aimed at widening the scope or accelerating the pace but at constantly perfecting the laws and regulations, training qualified managerial staff, and making the securities market mature and standardized. Hence, some time is still needed before the founding of the third stock exchange is approved. Liu Hongru also said that China is vigorously studying measures to control foreign funds' entry into the stock market in China. Liu Hongru made these remarks in Beijing a few days ago during an interview with some Hong Kong reporters.

As introduced by Liu Hongru, the China Securities Control Commission has been mainly dealing with four types of work since its founding in late 1992.

First, legislation. To enact, before the introduction of the Securities Law, State Council ordinances and corresponding laws and regulations, such as "Provisional Regulations on Stock Issue and Transaction Administration" and "Methods of Stock Exchange Administration." At present, 13 laws and regulations have been enacted. Meanwhile, the law is being strictly enforced to administer the market and to investigate and punish lawbreaking cases.

Second, the organization of stock issues. Previously, only companies in Shenzhen City and Shanghai Municipality were allowed to list their stocks but now enterprises in all the provinces and cities throughout the country can choose to list their stock. As far as stock purchases are concerned, the quota issue has been changed into an unlimited issue and the method of linking up stock issues

with savings deposits has been adopted. At present, the problem of issuing shares at competitive prices is also under discussion with a view to solving the problems of practicing graft, getting in by the back door, and forming a long queue.

Third, to enhance the market administration of stock exchanges. Efforts are constantly being made to perfect the administrative system and, whenever necessary, to control and guard against insider trading.

Fourth, overseas listing. At present, most are listed in Hong Kong, with a few listed in the United States. Hence, the mainland and Hong Kong have spent two years jointly discussing and exchanging opinions on legal and foreign exchange administrative issues as well as the listing and trading methods. The first group of nine enterprises have been quite successful in listing their stocks. It is a good method for China to utilize foreign funds because the risks can be shared with foreign investors and the transformation of the enterprise system can be facilitated. Besides, it is also good for Hong Kong's market prosperity and economic stability. We have now decided to increase the number of listed enterprises to 22, including five in the United States which are going to list their stocks in succession according to market conditions.

As told by Liu Hongru, Britain, Australia, Canada, Singapore, and Japan want Chinese enterprises to list their stocks there but, since China considers it not to be an urgent matter, the scope will be widened step by step on the basis of conscientiously summing up experience.

Liu Hongru pointed out: China's securities market is still immature and has some major problems. First, a high degree of short-term speculation has caused great fluctuations in the stock market and second, a structural imbalance has arisen. There are now as many as 288 listed companies, most of which are large and medium enterprises, and the original value of stocks circulating in the market should be 18 billion yuan. However, as most of the stock purchasers are small investors without much capital input, the market does not have a strong supporting force. To solve this problem, it is necessary to let group investors play a greater role and to make the securities market mature and standardized. The symbol of it is to shift the focus from short-term speculation to long-term investment, increase group investment, reduce small investors' risk, and strengthen the market support forces.

On the issue of state-owned and corporate stock transfer, Liu Hongru said: This is a special phenomenon in socialist China, which arises for the sake of upholding the principle of dominance of public ownership, so the issue of stock transfer must be handled according to a certain procedure. With the implementation of the "Company Law," corporate stocks will gradually cease to exist in the future. Meanwhile, as the securities market is encountering the problem of capital shortage, stock prices will drop further if a large number of state-owned

stocks are sold at this moment. Hence, only when there is an abundant supply of capital in the market can the stocks be sold, step by step.

Liu Hongru, when talking about the issue of organizing Sino-foreign cooperation funds, said that after repeated discussions, in order not to upset China's stock market, some conditions can be considered: Sino-foreign joint-venture management companies must be registered in China and not under foreign control; companies in charge of Sino-foreign cooperation funds must get prior approval before introducing funds, the amount of which is subject to certain limits; restrictions are also imposed on the proportion of a certain company's stocks which Sino-foreign cooperation funds can buy and, generally speaking, it will not exceed 10 percent; there are clear stipulations on the time of remitting out of China profits gained by Sino-foreign cooperation funds through stock transactions; there are certain requirements and restrictions on the turnover of stocks run by Sino-foreign cooperation funds; and foreign parties to Sino-foreign cooperation funds must be companies with eminence and abundant funds. Liu Hongru said: The purpose of setting these conditions is to safeguard the interests of both parties to Sino-foreign cooperation funds in stock business but it still takes time to cause the undertaking to have the least risk possible.

Liu Hongru also said: B shares issued by China, which are temporary in nature, are products of special circumstances and must be integrated with others after some time. However, as this matter concerns the issue of free renminbi exchange and inflow and outflow, we must take a step-by-step approach and cannot yet work out a timetable.

'Robust Monetary Policy' Brings Stable Exchange Rate

HK1412103094 Beijing RENMIN RIBAO in Chinese
10 Dec 94 p 2

[By Shi Mingshen (2457 2494 1957): "Renminbi Exchange Rate Is Steady With a Slight Increase"]

[FBIS Translated Text] Beijing, 9 Dec (RENMIN RIBAO)—A forum on restructuring the management of foreign exchange, which was sponsored by units including the periodical CHINA FOREIGN EXCHANGE MANAGEMENT under the State Administration of Exchange Control, and others concluded in Beijing a few days ago. The participating experts and academics were obviously confident that China's supply of foreign exchange will continue to exceed demand and that the renminbi exchange rate would continue to appreciate in 1995.

Since 1 January 1994, major reform has been carried out in China's foreign exchange management structure with priority given to the institution of a floating exchange rate system based on market supply and demand under

the control and establishment of a unified and standardized foreign exchange market, with a view to gradually turning the renminbi into a convertible currency. After nearly a year of practice, China has smoothly achieved the unification of exchange rates, and the interbank foreign exchange market has operated steadily. Up to the end of the third quarter, banks' settlement of foreign exchange exceeded sales by \$16.9 billion, and U.S. dollar transactions in the inter-bank exchange market reached \$21.4 billion, with the currency being continuously oversold. China's foreign exchange reserve reached \$39.83 billion by the end of September and exceed \$40 billion at present. The renminbi exchange rate has been steady and has seen a slight increase. On 4 April this year, the exchange rate was 8.6967 yuan to the dollar, but by 2 December the rate had risen to 8.5048 yuan, an increase of 2 percent.

As the new exchange system has canceled the practice of handing over retained foreign exchange and the limit control system, enterprise burdens have been lightened, and their use of foreign exchange has become convenient, thereby promoting the synchronous growth of imports and exports. In the first three quarters of this year, the total value of imports and exports registered \$157.6 billion, an increase of 22.1 percent over the corresponding period last year. Of the total, exports were \$79.44 billion and imports \$78.06 billion, with a favorable balance of \$1.38 billion, which has changed the deficit situation of the past.

Representatives attending the forum maintain that although the high inflation rate has brought some negative impact to the operations of the new exchange rate system, China's continuous practice of a steady and robust monetary policy will contribute to curbing the overheated demand for foreign exchange. The massive influx of international capital will also energetically support the supply of foreign exchange at home. At present, foreign-invested enterprises in China exceed 200,000 and more enterprises have the ability to earn foreign exchange through exports next year, as there are a lot of opportunities for export expansion. All this has laid down an optimistic foundation for creating a situation in which the supply of foreign exchange exceeds demand and the renminbi exchange rate tends to be stable.

Official Reassures Overseas Investors

HK1312145794 Beijing CHINA DAILY in English
13 Dec 94 p 1

[By Gao Bianhua: "Trade Chief Reassures Overseas Investors"]

[FBIS Transcribed Text] China's investment climate is still favourable, and it will remain attractive next year, a senior trade official told China Daily yesterday.

The fast and sustained economic development, huge domestic market and cheap labour with steadily

enhanced quality—all these conditions make China an ideal spot for attracting foreign investment," said Liu Zhiben, director-general of the Ministry of Foreign Trade and Economic Co-operation's (Moftec) Foreign Investment Administration.

He added that China will further improve its investment climate next year, especially by increasing the openness of investment policies.

Liu said the country will encourage foreign businesses to invest in such sectors as agricultural technology development, transportation, energy, power, infrastructure, raw materials and pollution-free projects as well as high-technology-content and export-oriented projects.

At the same time, investment in hotels and the tourist industry will be restrained to some degree.

In addition, projects that use imported components to produce goods in an already saturated domestic market will also be "properly limited," Liu said.

Moftec and the State Planning Commission have been working on an investment guide for foreign investors, the official said, without revealing when the guide will be unveiled.

China will gradually perfect its investment laws and regulations in order to create better conditions for foreign investors," Liu said.

He denounced as "totally groundless and irresponsible" recent reports by some foreign media that described China's investment climate as "deteriorating" by exaggerating recent disputes involving some U.S.-funded enterprises.

In the course of renovating Beijing's Wangfujing commercial district and the construction of the Hong Kong-funded Oriental Plaza, many neighbouring buildings, include the McDonald's, need to be temporarily moved to other places.

Liu said "it's improper" that some overseas media used the event to undermine the credibility of Chinese authorities and discourage foreign investor confidence.

"As far as we know," Liu added, "McDonald's and the Beijing municipal government have reached understanding on the issue."

He said McDonald's will return to Wangfujing Street after the construction of the new shopping plaza is completed, and the municipal government will compensate the fast-food restaurant for its losses.

Addressing another dispute in which the U.S.-investment firm Lehman Brothers Inc brought a suit against two Chinese companies, saying they refused to compensate its economic losses, Liu said some overseas media have "improperly" linked the business dispute to the credibility of the Chinese Government.

"It's normal to see disputes between companies," Liu said. "The Chinese Government has been requiring Chinese companies to observe both national and international laws in their business operations. All such disputes should be settled fairly, either through friendly consultation or by law."

Accounting To Conform to International Norms

OW1312144894 Beijing XINHUA Domestic Service in Chinese 0936 GMT 12 Dec 94

[By reporters Gong Henan (7895 3109 0589) and Wang Hongyang (3076 3163 3152)]

[FBIS Translated Text] Shanghai, 12 Dec (XINHUA)—According to an international symposium on accounting standards which opened in Shanghai today, China, on the basis of its promulgated "Business Accounting Standards," will draw up specific accounting guidelines to regulate and improve the nation's accounting system so that it will conform more to international norms.

While China's "Business Accounting Standards," which went into effect on 1 July 1993, have prescribed the basic concept and principles for business accounting, they provide no guidelines for specific accounting affairs. Since China has launched a series of major reforms concerning financial affairs, taxation, banking operations, foreign exchange, and foreign trade, many new accounting issues must be addressed with specific accounting guidelines. This being the case, China will draw up more than 30 sets of specific guidelines—including those concerning collectible credits, investments, foreign exchange conversion, social security, cash flow tables, and so forth—in an effort to establish or improve its socialist market economic system's accounting standards—standards that conform to international accounting norms.

Bank of China Plans To Tighten Credit

HK1412120694 Hong Kong HSIN PAO in Chinese 13 Dec 94 p 2

[By Chen Pi-chun (7115 4310 0689): "Chen Yuan Says Credit Conditions Will Be Further Tightened in Next Two Years"]

[FBIS Translated Text] Fourteen foreign commercial chambers in Hong Kong organized a joint delegation for the first time to visit Beijing. Yesterday, they met with many Chinese leaders. Chen Yuan, vice governor of the People's Bank of China, told the delegation that because of the excessive growth in the prices of agricultural products and fuel, China will further tighten credit conditions in the next two years. In other words, domestic money supply will be further tightened and foreign businessmen will find it more difficult to obtain loans in renminbi.

The delegation of 14 foreign commercial chambers is led by Cheng Ming-fun, member of the Preliminary

Working Committee. Yesterday, they successively met with Lu Ping and Chen Ziyang, director and deputy director respectively of the Hong Kong and Macao Affairs Office, Chen Yuan, vice governor of the People's Bank of China, and Qian Qichen, vice premier of the State Council and minister of foreign affairs.

Ekkehard Goetting, representative of the German Industrial and Commercial Representative Office in Hong Kong, administrative director of the German Trade Association, and member of the delegation, told our reporters that in the past, various foreign commercial chambers separately sent their delegations to Beijing to discuss the impact of the transition in 1997 on foreign firms. But this time, 14 foreign commercial chambers have, for the first time, organized a joint delegation to visit Beijing. He believed that it is significant to establish direct channels for dialogue with Beijing's high-level officials in order to seek guarantees for Hong Kong's stability after 1997. Lu Ping pledged before the persons in charge of various foreign commercial chambers that Hong Kong's investment environment will be protected and its position as a gateway for foreign businessmen to invest in China will be maintained.

The delegation asked Qian Qichen questions about the likelihood of China's reentry into GATT. Quoting Qian Qichen, Ekkehard Goetting said whether China can reenter GATT by the end of this year depends on the decision of other GATT members. China is still not sure of it at present.

The foreign commercial chambers joining the delegation include the British, French, German, Japanese, Australian, Korean, and Belgian commercial chambers. Most of them have sent their chief responsible persons to Beijing. It is learned that William Courtauld, chairman of the British Chamber of Commerce, was originally on the list of members; but as he is also head of the Jardine Group, which has aroused the resentment of the Chinese side because of its withdrawal from listing, his name was finally removed from the list. He was replaced by Colin Buchanan, vice chairman of the British Chamber of Commerce. At yesterday's official meetings, no one asked about the reason William Courtauld was not invited. On the other hand, the U.S. Chamber of Commerce did not join the joint delegation. Instead, it sent a delegation to Beijing the following day (Wednesday). A representative of the chamber believed that this would be more effective.

Bank Announces Subsidy Rate for Savings Accounts

OW1312144994 Beijing XINHUA Domestic Service in Chinese 0740 GMT 12 Dec 94

[FBIS Translated Text] Beijing, 12 Dec (XINHUA)—In a notice today, the People's Bank of China announces

the January 1995 inflation-hedged subsidy rate for fixed long-term renminbi savings accounts.

The announcement says: Computing on the basis of the State Statistics Bureau' general indexes of consumer goods prices and service charges, the yearly inflation-hedged subsidy rate for fixed three-year or longer savings accounts will be 9.84 percent in January 1995. This subsidy rate will be applied on all three-, five-, and eight-year savings accounts that will mature in January and that earn annual interest rates of 12.4, 14.94, and 17.64 percent respectively.

Official on Future of Special Economic Zones

HK1412102594 Hong Kong TA KUNG PAO in Chinese
29 Nov 94 p 29

[Report on interview by staff reporter Ma Ling (7456 3781); place and date not given: "How Should Special Economic Zones Become 'Special'?—Interviewing Hu Ping, Director of Special Economic Zones Office under the State Council"]

[FBIS Translated Text] In the course of China's reform and opening up to the world, "special economic zones" [SEZ's] and "economic development zones" have played a remarkable role that must not be underestimated. With their development, problems and successes have appeared which have attracted world attention.

There is an office in charge of the administration of SEZ's and development zones under the State Council, whose director is Hu Ping. The other day, our staff reporter interviewed Hu Ping, director of the Special Zone Office under the State Council, and learned about the new development and new situation of the special zones, as well as the development zones.

No More Practice of Tax Reduction and Profit Concession

It is said that the hot subject talked about most in special zones at present is: "Special zones are no longer special." What is to be done. This mainly refers to the special system and the preferential policies that the special zones formerly enjoyed. With China's reform and opening to the world expanding in depth, those originally "special" things have become "common" while the differentiation between "special" and "nonspecial" zones has been reduced or basically leveled up.

Hu Ping thinks that the fact that special zones are no longer special is a thing that we should feel happy about because it indicates that the advance experiments in the special zones are having a gradually widening effect and are being widely adopted. On the other hand, it shows that the impetus for the economic development of special zones is gradually changing from sole dependence on policy to dependence on its own mechanism and quality. This is advantageous to the adoption of a market economy and international competition.

At present, what we should study and solve is how to determine the development orientation of the special zones under the new situation so as to continue to make the most of the superiorities of the special zones, he indicated.

At present, all the special zones have come to a common understanding, that is, they cannot ask the state for tax reduction and profit concession policies any more. Instead they should fully use their own comprehensive conditions, including geographical advantages, human resources, mechanisms, functions, highly outward orientation, and the well-developed market to form their new superiorities.

After serious study and analysis, he stressed that only when the special zones do a good job in "taking the lead" in two aspects will they be "special" again. The two aspects are: 1) taking the lead in setting up and perfecting the market economy system; 2) taking the lead in putting into effect a series of practices that have Chinese characteristics and conform to international conventions as well.

Development Zones Attract International Companies

Hu Ping also expressed his point of view on the operation and development of the development zones.

Now, the nation has 32 development zones, of which 14 are old development zones while 18 were approved later. Besides, there are almost 500 development zones at the provincial level. The central government requires that the opening to the world should develop with the orientation of "high level, broad scope, and depth". Accordingly, we should surely carry out the general requirement of "conscientiously running development zones well with overall planning". In view of the establishment of economic and technological development zones over the past ten years, we can see development zones have become a new force that cannot be neglected in the economic development of our country.

He spoke warmly of the path that the development zones had traveled in the previous ten years. In his opinion, development zones have created new speed and new efficiency. Even more so, they have set up a new image. At present, people in the world know that China has development zones. It is amazing that the image of China's development zones has formed in the world. Many international companies have come to invest as the development zones have great attraction and vitality. Besides, development zones embody the new spirit, that is, the spirit of daring to break through, daring to act, and daring to try, as noted by Comrade Deng Xiaoping.

He said that there was "development zone fever" in 1992 and a lot of problems consequently appeared. So, the State Council made a series of adjustments accordingly aiming at the orderly and healthy growth of the development zones. From the present situation we can see that the construction of development zones has just

taken a first step. Their development is uneven and the environment for investment varies. The administrative system is not yet perfect and further play should be given to their function and transmission. In short, there is still a long way to go.

Two Big Concepts Reshape Image of Development Zones

Hu Ping put forward ideas for the further development orientation of the development zones, that is, the internationalization of markets, rationalization of industry, pluralization of function, and excellence in quality. In Chinese it is called "sihua" for short.

He considers it necessary to establish two big concepts in order to achieve the goal of "sihua".

One is the concept of the world, that is, development zones should gain a foothold among the nations of the world. Our vision should jump beyond several dozen square km to find a foothold and development orientation in a broader international scope. Take the export processing zones of the ROK, for example. The actual area covers less than one square km, but their exports amounts to \$1.43 billion. It is a target that we are still far away from. So we cannot be satisfied with what we have achieved. Instead, we should avoid extensive operations, aim at international standards, and strive to gain a foothold in the international arena.

The other one is the concept of competition. In view of the present situation, it is unavoidable that various development zones face competition. It is a good thing to have competition, but competition also needs policies and laws to regulate. At the same time, the development zones are confronted with the problem of starting a second undertaking. They need to further develop on the basis of "the three primaries" (with industry primary, absorption of foreign capital primary, and export expansion primary).

He attached great attention to the restoration of the image of development zones and hoped that they could reshape their image in the wake of the "development zone fever". Each development zone should pay attention to its own image. Only when you give people a good, nice impression will they come to invest. So he suggested that people in development zones should have two concepts. One is the concept of news. They should pay attention to reports in the media. The other is the concept of public relations. Development zones should contact each other extensively to exchange their fruitful results and increase their cohesive force.

Coastal Areas Lead Economic, Social Development

OW1312154994 Beijing XINHUA in English 1546
GMT 13 Dec 94

[FBIS Transcribed Text] Beijing, December 13 (XINHUA)—China's coastal areas have maintained the rapid regional economic and social development since

1978 while its vast west still lags behind, according to the Chinese Academy of Social Sciences.

A recent survey made by the Sociology Institute of the academy shows that East China's Zhejiang Province has taken the lead in social development since the country's reforms and opening to the outside world.

Having cited 20 items as a social development index, the survey promulgated a general index for regional development of social structure, local residents' education level, economic efficiency, and quality of life in comparison with that of 1978.

Zhejiang has maintained an annual average increase of 7.5 percent, followed by South China's Guangdong Province and coastal Jiangsu Province in east China with an annual average increase of over seven percent.

The survey shows that the three provinces are followed by eastern China's Shandong, Shanghai, and Fujian, and south China's Hainan with their annual average increase of more than six percent.

China's western provinces and autonomous regions, however, are being left far behind in social and economic development by the coastal areas. They unfortunately occupy the last seven places, according to the survey.

Hainan, Guangdong, Zhejiang, Fujian, Jiangsu, and Southwest China's Yunnan have maintained the rapid growth in economic efficiency, among which Zhejiang, Guangdong, Fujian and Jiangsu have seen big jumps in their GDP with an annual average increase of 10 percent.

Jiangsu has claimed first place in improvement of quality of life, followed by neighboring Zhejiang, Shanghai, Guangdong and Shandong. These provinces have also done favorable jobs in upgrading their social structures and improving local residents' educational levels.

The survey revealed that the nation's general index has increased 1.2 times over the past 15 years, an annual average increase of 5.3 percent over 1978. The number remained below 2.4 percent from 1953 to 1978.

The life quality index has reported an annual average increase of 7.1 percent since 1978.

The nation's GDP has seen an annual growth of 7.7 percent while its social productivity rate has risen by 6.3 percent annually.

"I hope that the government will pay attention to the potential problems that might be brought about by unbalanced development," said Zhu Qingfang, a professor in charge of the survey.

Though China has benefitted a lot from the reforms and opening to the outside world, Zhu said, the unbalanced growth of the quality of life and economic efficiency will,

however, hinder its further economic and social development if such problems cannot be solved in the long run.

The gap between the coastal areas and the western regions is now tending to widen, with the ratio in general indices of social development being 2.6 to one. The ratio was 2.4 to one in 1989.

The professor urged that the government must still take effective measures birth control because population growth has direct impact upon the social development.

Commission Plans Six Big Power Projects

HK1312150194 Beijing CHINA DAILY in English 13 Dec 94 p 2

[By Liu Weiling: "Preparation Under Way For Power Projects"]

[FBIS Transcribed Text] The State Planning Commission has given the go-ahead for preparation to begin for six big power projects across the country.

The plants are expected to have a total installed generating capacity of 4.1 million kilowatts, according to the State Development Bank.

Robust economic growth has nourished the country's growing thirst for electricity, which these plants aim to satisfy, a bank official said.

However, formal construction of the plants will not begin until approval comes from the central government as the State has imposed strict limits on capital construction. The official was not certain when State approval would be granted.

The projects include construction of four new power plants—in Gaobeidian on the outskirts of Beijing, Qitaihe in Heilongjiang Province, and Qujing and Dachaoshan in Yunnan Province—and expanding the Jiujiang Power Plant in Jiangxi Province and Anyang Power Plant in Henan Province.

The thermal power plant in Gaobeidian will be financed by the China Huaneng Group, the country's leading power company, while the other five will use loans from the State Development Bank and funds raised by local governments.

The Asia Development Bank will loan the Qitaihe Power Plant in Heilongjiang \$220 million as well as provide the Jiujiang Power Plant in Jiangxi with a \$300 million loan, he said.

Since opening in March, the State Development Bank has focused on supporting key State projects, especially infrastructure.

The bank signed an agreement last week to lend 2.65 billion yuan (\$311.8 million) to help accelerate construction of a big power station in Fengcheng, Jiangxi Province. It will also provide 168.3 million yuan (\$19.8

million) for the expansion of Hongyanchi Power Plant in Xinjiang Uygur Autonomous Region. That includes 180 million yuan (\$21 million) in soft loans with low interest rates to the Fengcheng plant and 6.4 million yuan (\$752,000) in soft loans for the Hongyanchi project.

The Fengcheng plant, with its total investment of 7 billion yuan (\$823 million), will install four generators with a capacity of 300,000 kilowatts each.

The first generator is expected to be put into production in 1997 while the whole plant will be operational by 1999.

Construction of this plant, started earlier this month, will help ease the electricity shortage in Jiangxi and boost local economic development.

Expanding the Hongyanchi plant, located just outside Urumqi, capital of Xinjiang, should boost the electricity supply for the city.

Generating capacity for the 300,000 kilowatt plant is expected to grow by 100,000 kilowatts after the expansion.

Total investment for the expansion, designed to be operational by 1996, is 355.8 million yuan (\$41.9 million).

Offshore Field To Supply Gas to HK, Hainan

OW1412074794 Beijing XINHUA in English 0717 GMT 14 Dec 94

[FBIS Transcribed Text] Beijing, December 14 (XINHUA)—Yacheng 13-1, China's largest offshore natural gas field, will begin to send gas to Hong Kong and Hainan, the country's southernmost province, from January 1, 1996.

The gas field, located about 100 km off the Hainan port city of Sanya, was discovered jointly by the China National Offshore Oil Corporation (CNOOC) and the U.S. Arco company in 1983.

With an area of 50 sq km, Yacheng 13-1 has a proven gas reserve of up to 100 billion cu m.

In 1992 CNOOC, together with Arco and Kufpec (the Kuwait Foreign Petroleum Corporation), inked a sales agreement with the China Light and Power company of Hong Kong and Exxon Energy Inc., thus setting in motion the development of the gas field.

The 1.2 billion U.S. dollar development project involves the building of a wellhead platform and a processing platform, the laying of submarine gas pipelines from the field to Hong Kong and Sanya, and the construction of onshore receiving stations in both cities.

The 778-km, 28-inch gas pipeline linking the wellhead and Black Point in Hong Kong, the longest such pipeline in Asia, has been completed.

Under the sales agreement, 2.9 billion cu m of natural gas will be transported to Hong Kong every year in the 20 years from 1996.

Meanwhile, another 14-inch pipeline, stretching 92 km from the field to Sanya has also been finished. It is capable of channeling 500 million cu m of natural gas each year to power and fertilizer plants in Hainan.

A CNOOC official said this is bound to give a spur to the economies both in Hong Kong and Hainan, and improve their environmental situation.

He said the submarine pipeline project, a major part of the development project, took up half the budget, and its completion has paved the way for the smooth progress of the giant undertaking.

The pipelines will be cleaned by the contractors, Saipam of Italy and the European Marine Corporation (EMC). They will finish the work of water-flooding and pressure testing by the end of next July.

Trial supply of gas is scheduled to start in late 1995, the official added. The Hong Kong Receiving Station will carry out gas-liquid separation and gas desiccation before it is sold.

The gas is to power 1.2 million kw generator sets of China Light and Power, the CNOOC official said.

And the shore base at Nanshan, some 40 km west of the city Sanya, will separate gas and condensate oil, a by-product of the high-yield gas field.

The construction of the two receiving stations, managed jointly by CNOOC and Arco, is proceeding in accordance with the schedule.

At sea, the wellhead production platform has been erected, and the first production well has been sunk and is being tested.

Both CNOOC and Arco have expressed satisfaction about the cost, scheduling and quality control of the project.

China Holds National Coal Industry Meeting

*OW1412101094 Beijing XINHUA in English 0913
GMT 14 Dec 94*

[FBIS Transcribed Text] Beijing, December 14 (XINHUA)—The number of high-yield and high-efficiency coal mines in China is expected to reach 100 by 1997, according to a national meeting on the coal industry.

The per capita coal productivity per day will be increased by two tons, and the number of employees in the industry will be reduced by 300,000 people, it was learned.

China is a major coal producer, although it has been traditionally bedevilled by problems such as over-staffing, low efficiency and low profit. The degree of mechanization is also not high.

A dozen such mines were established last year, with per capita productivity raised to 4.26 tons from 2.37 tons a day.

Meanwhile, 28 more high-yield mines are being developed. Their per capita coal output will be 6.33 tons each day.

Power Ministry To Institute Desulfurization

*OW1412094494 Beijing XINHUA in English 0827
GMT 14 Dec 94*

[FBIS Transcribed Text] Beijing, December 14 (XINHUA)—China is to beef up environmental protection measures in thermal power plants to effectively curb the discharge of pollutants such as soot and sulfur dioxide.

This is seen here as a major move to bring the fast-multiplying power plants on track toward meeting environmental protection targets by the turn of the century.

An official of the Ministry of the Power Industry said here today that about 80 percent of the country's thermal power generator sets will be equipped with electric precipitators by the year 2000 to substantially reduce emission of soot into the atmosphere.

The volume of soot emission across the country will thus be kept below 3.8 million tons, roughly the present level, in that year, when China will have doubled its generating capacity to around 300 million kw.

All the thermal power plants at or near major cities will then reach the standards for soot discharge, the official said.

By the end of 1993, he said, electric precipitators had been installed in 316 generator sets in China, 11 times more than a decade before.

This led to a 53 percent decrease in soot emission, from 148 kg per 10,000 kwh in 1983 to 68 kg 1993, he added.

However, the official admitted that a number of outdated sets of generators near the cities are backward in their soot cleaning facilities and their soot emission is incompatible with state-set standards.

Even worse is the status of sulfur dioxide discharge from thermal power plants—its total volume is estimated to surpass 10 million tons by the end of this century.

"It (sulfur dioxide discharge) is now out of control," the official said, "almost keeping abreast with the increase of power production."

In the hope of bringing the situation under control, China is setting stricter standards by amending the Law on Preventing Atmospheric Pollution.

The official said that three model desulfurization projects will be completed by the end of 1995, in addition to several operational flue gas desulfurization (FGD) facilities introduced from abroad.

By the year 2000 newly-constructed thermal power plants in areas with heavy pollution and acid rain will be the first to be installed with FGDs, bringing the total desulfurized generating capacity to ten million kw.

"This is the first step," the official said. The ministry has decided to form a company to speed up the localization of desulfurization technology and equipment for thermal power plants.

Meanwhile, the ministry plans to strengthen international cooperation, attract foreign technologies and funds, and train anti-pollution personnel.

Thermal power accounts for some 80 percent of China's total electric power, and this situation is expected to continue into the early part of the next century.

Microbiology Findings Applied to Industry

OW1412063394 Beijing XINHUA in English 0600
GMT 14 Dec 94

[FBIS Transcribed Text] Beijing, December 14 (XINHUA)—China has made considerable progress in applying research findings in microbiology to food processing, agricultural, pharmaceutical and other industries, according to a government official.

He said that China's outputs of gourmet powder and citric acid are sizable in the world, and its output of antibiotics is about one fourth of the world's total.

China's painstaking efforts to transform its traditional microbio-technical industries with modern biotechnology have proven profitable, the official noted.

He added that relatively complete microbio-tech systems covering ferment agents, amino acid, organic acid, yeast, amylum and elements have taken shape in China.

In one case, the official said, a new technology capable of more than doubling the value of raw maize has been applied to the production of syrup, citric acid and itaconic acid, and has generated enormous economic returns.

According to the official, China's output of microbio-tech related products has been rising fast throughout the years.

He said that such products make up for about 15 percent of China's total food output, and the proportion is continuing to expand.

Tribunal Tries Intellectual Property Rights Cases

HK1312141794 Beijing RENMIN RIBAO OVERSEAS
EDITION in Chinese 13 Dec 94 p 3

[From the "Intellectual Property Rights in China" column by correspondent Hao Qing (6787 1987): "A Fair Trial for a Foreign-Related Intellectual Property Rights Case in Beijing, Protecting the Legitimate Interests of Overseas Intellectual Property Rights Holders"]

[FBIS Translated Text] Beijing, 11 Dec (XINHUA)—The Beijing Municipal Intermediate People's Court Intellectual Property Rights Tribunal [IPRT] recently tried a case of infringement on the rights to the advertised name of U.S. Californian Beef-Noodle King and ruled in favor of the plaintiff.

Two Chinese restaurants in Beijing were ruled by the court's collegiate bench to have infringed on the rights of the "U.S. Californian Beef-Noodle King" in using these words as their restaurant names and in advertising them.

The IPRT has tried 90 cases involving intellectual property rights [IPR] so far this year. Concerned people in Beijing believe that the fair and lawful trials of IPR disputes indicate China's determination and efforts to protect IPR, defend the legitimate interests and rights of IPR holders, and severely punish rights infringements.

It is understood that over 40 cases involving foreign-related IPR from Hong Kong, Macao, the United States, and European countries have been filed at the IPRT, most of which are related to copyright. Complaints by U.S. companies have increased this year. Of the cases pending, 30 have been lodged by U.S. companies. The biggest was a joint suit filed by the five-company U.S. Commercial Software Alliance against six Chinese enterprises for infringing on its software copyrights. The case has been put on file pending trial.

The Chinese justice system has handled IPR cases judiciously, protected the interests of IPR holders, and punished rights infringements, thereby encouraging overseas companies and individuals to resort to law in protecting their interests.

The IPRT, established one and a half years ago, was the first ever to try IPR infringements. Since its establishment, it has accepted 331 cases and delivered rulings on 172 of them.

The tribunal relies on Chinese law, in particular IPR protection laws, in conducting trials and has won positive comments for its judicious examination and strict observance of laws which have protected the interests of IPR holders. The tribunal's ruling on a rights infringement case in February this year, in which a shopping mall in Beijing was found to have infringed on the exclusive rights to the trademark of the Beijing-Paris Le Grand Moulin Foods Company Limited, a Sino-French joint venture, won praise from domestic and overseas media. The French manager of Le Grand Moulin was reported to be satisfied with the ruling, saying the enforcement of such a ruling was more difficult in Europe than here (Beijing). He applauded Chinese courts' high efficiency in conducting trials: "Beijing has provided a good example (in protecting IPR)."

The IPRT recently tried a sensational case, in which the Disney Company of the United States sued the Beijing Young Children's Publishing House for rights infringements. Disney discovered that the publishing house was

using some of Disney's cartoon characters in its pictorials, infringing on the copyright of the copyright holder. The trial ended with a ruling that some of the evidence in the case did constitute an infringement. A further trial will decide the final outcome.

In order to handle cases involving foreign-related IPRs in a judicious manner and really protect the interests of IPR holders, the IPRT insisted on public trials and announced schedules for trials in advance, to make possible supervision by public opinion. Also, with increases in high-tech crimes, the tribunal has appointed a technology judge to ensure trials are just and scientific.

Commentary Views IPR Case

HK1312143794 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 13 Dec 94 p 3

[Commentary from "Intellectual Property Rights in China" column: "Conscientious Execution of Justice a Wake-up Call for People"]

[FBIS Translated Text] The Beijing Municipal Intermediate People's Court Intellectual Property Right Tribunal [IPRT] on 11 and 12 October, 1994, tried a lawsuit reported by this column, in which the "U.S. Californian Beef-Noodle King" sued two defendants for infringing on its rights.

The "U.S. Californian Beef-Noodle King" is a fast-food diner chain opened by an American Chinese in Beijing in 1986. Though only 27 restaurants are recognized to be members of the diner chain, there have long been numerous billboards advertising—without obtaining legal permission—restaurants under the same name but of inferior service quality. The chain owner filed a writ with the IPRT suing two out of many such restaurants for infringing on its exterior design patent rights and its brand name.

Beijing media covered the suit extensively and in great detail.

Our view is that this intellectual property rights [IPR] infringement case did not attract attention with its demand for a large figure in compensation or tortuous details but as a case typifying a situation in which the means of law enforcement are far from perfect amid China's rapid economic development and under the rudimentary IPR laws, allowing managers to consciously or unconsciously disrupt business order without the slightest hesitation and infringe on other people's IPR in procuring personal gain. Cases of infringements on the legitimate rights of overseas brands in China right now are attracting special attention.

The ruling by the collegiate bench made in the 10 December court session also drew special attention: The "U.S. Californian Beef-Noodle King" has become such a famous commercial product that, although its brand-name status petition was still pending, unauthorized appropriation of its name is deemed as infringing on its

rights because its name had only been used by its owner and nobody else. Such a ruling was also made in the public interest and to maintain order and exclusive rights in a market economy.

There should be more rulings such as the one above to serve as a wake-up call to people.

China To Standardize Advertising Market

OW1312160394 Beijing XINHUA in English 1549 GMT 13 Dec 94

[FBIS Transcribed Text] Beijing, December 13 (XINHUA)—China is set to standardize advertising and purify the advertising market as the advertising law comes into effect as of February 1.

Yang Peiqing, deputy director-general of the State Administration for Industry and Commerce (SAIC), said today that the administration will take firm steps to supervise advertising activities and crack down on illegal advertising next year.

The government will issue new advertising licenses, set strict standards for the quality of advertisements and iron out the relations among advertisers, advertising agents and publishers of advertisements.

It will take further steps to standardize the market access and advertising activities. The SAIC plans to make an extensive publicity of the advertising law through TV and radio lectures, theatrical performances and quizzes. At the same time, it will provide training to advertisers, advertising agents and advertisement publishers.

The SAIC will also formulate standards for the examination of advertisements on drugs, medical apparatuses, farm chemicals and veterinary medicines before they are published.

China's advertising industry has seen rapid development since China introduced the reform and opening-up policies. By the end of 1993, there were more than 30,000 advertising agents in the country, employing more than 310,000 people and the annual business turnover reached 13.4 billion yuan. The figure is expected to top 18 billion yuan by the end of this year.

The burgeoning industry, however, has given rise to such problems as fake advertising, inferior quality, obscurity about the relations among advertisers, advertising agents and advertisement publishers and non-standard advertising activities.

Official on Enforcement of Advertisement Law

SK1412112794 Beijing XINHUA Domestic Service in Chinese 1933 GMT 13 Dec 94

[By reporter Fu Gang (0265 0474)]

[FBIS Translated Text] Beijing, 13 December (XINHUA)—Yang Peiqing, deputy director of the State Administration for Industry and Commerce, sponsored

a press briefing today on the upcoming enforcement of the "PRC Advertisement Law".

Yang Peiqing stated: The "advertisement law" will be put into force on 1 February next year. This is a major event in the country's economic life, meaning the advertisement business will develop along a more standardized track. Since reform and opening up, the yearly average increase of the advertisement business totals more than 40 percent. Of this increase, that over the past two years totals more than 90 percent. The number of units running an advertisement business totals more than 30,000, employing more than 310,000 personnel. The annual business volume in this regard has surpassed 13 billion yuan. These units initially had the service function of spreading information as well as of market operation and sales.

However, Yang Peiqing stated: The swift and violent development of the advertisement business has also brought about problems in the following two aspects: 1) The quality of advertisements is not high. The legal sense of advertisers is becoming blunted; they unilaterally seek economic results and pay no attention to social responsibility. Some of them even apply false and cheating methods to misleading consumers, belittle their competitive opponents, and engage in abnormal competition. 2) Commercial activities are not standardized. The division of work among advertisers, advertisement businessmen, and advertisement publishing units is not rational enough. Their legal responsibilities are not defined very clearly, and their dynamics in abiding by the law is not strong.

Yang Peiqing stated: The "Advertisement Law" that will be put into force will enhance the legal restriction on the following four aspects:

The law will clearly stipulate social responsibility for advertisers, advertisement businessmen, and advertisement publishing units. For example, "advertisements should be true and legal as well as conform to the demands of a socialist spiritual civilization." "Advertisements should not contain false contents and not cheat or mislead consumers." "Advertisements should not harm the physical and mental health of teenagers or the handicapped."

The law will fully embody the principle of protecting the legal rights and interest of consumers. The law will provide clear and explicit stipulations on advertisement contents as well as on the quality, function, price, and promise of commodities. No advertisements are allowed to mislead consumers. Meanwhile, the law will stipulate that the mass media are not allowed to publish advertisements in the form of news reports.

The law will clearly stipulate the standardization for market permit and advertisement operations. For example, "the advertisement business should have full-time technical personnel and manufacturing equipment, and make a company or business registration at the

relevant authorities in line with the law." "Advertisers, advertisement businessmen, and advertisement publishing units are not allowed to engage in abnormal competition of any style among commercial activities."

The law will enhance the dynamics in punishing violations cropping up among commercial activities. The law stipulates the following seven measures as punishment: Those that have violated the law will be charged by suspending their advertisement publishing; by having them openly correct the published advertisement with the same sum of the former fee; by imposing on them a fine that is from-one-to-five-times higher than the former charge, or a fine between 10,000 and 100,000 yuan; by confiscating their advertisement charges; by suspending their advertisement business; and by calling them to account for civil or related action. Those who have committed crimes in their business should be called to account for criminal liabilities.

PRC To Improve Control Over Real Estate Market

HK1312150094 Beijing CHINA DAILY in English 13 Dec 94 p 2

[By Zhang Yuan: "Government To Tighten Its Grip on Real Estate"]

[FBIS Transcribed Text] China plans to "strengthen and improve" its macro-control over the real estate market next year in a bid to help the booming industry develop in a healthier fashion, Xie Jiajin, deputy director of the Ministry of Construction's real estate department, said yesterday.

The ministry, which co-ordinates real estate development, currently is drafting some detailed regulations for property rights registration, development and management and trading of real estate, Xie said during a seminar on the new urban real estate management law, which will go into effect on January 1, 1995.

The seminar was co-sponsored by the Beijing-based Economic Information newspaper and the An Ping City Law Firm.

The real estate law, the first of its kind in China, will play an important role in standardizing China's fledgling real estate market and better protect the interests of real estate investors and customers, said Guan Anping, director of the An Ping City Law Firm.

However, more detailed regulations concerning the law are needed to implement it effectively, Guan added.

To this end, Xie said, the ministry has stepped up its regulation-drafting efforts.

The ministry also has decided to focus on the following areas in 1995:

- Re-adjusting and controlling the total number of construction projects, rationalizing the investment structure and further standardizing market practices.
- Strengthening the management of real estate transfers and evaluations and invigorating the real estate trading market.
- Promoting construction of residential buildings.

China's real estate industry got a boost in 1992, but it also incurred some disorder.

Foreign Investment in Real Estate Slowing Down

HK1312133994 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0859 GMT 27 Nov 94

["Special article" by reporter Shi Qingbin (2457 3237 1755): "Foreign Investors Are More Prudent in Real Estate Investment in China This Year"]

[FBIS Translated Text] 27 Nov (ZHONGGUO TONGXUN SHE)—China's real estate market has been rather dull this year under macroeconomic regulation and control. However, the scope of real estate building as a whole is still relatively large, particularly in some of the southeast coastal areas, which were opened to the outside world earlier than others. As the supply of real estate there still exceeds demand, a considerably long period will be required to totally absorb them. For this reason, new projects planned by foreign investors in China's real estate have decreased sharply. They are also prudent in selecting new development projects.

Reportedly, foreign investment in China's 1994 new real estate projects has dropped drastically as compared with last year. Of this, investment in Fujian's new housing projects in the first nine months of this year dropped 54 percent from the same period last year. In the first half of the year, foreign investment in real estate in Hainan and Guangxi decreased by 70 percent over the corresponding period last year.

The reasons for foreign investors being prudent in new real estate projects include: First, large numbers of new residential units have been put on the market, prices have dropped somewhat, market transactions are slack, and the current land prices and building costs are higher than before. Second, because of the state's reorganization of the development zones and the decrease in the supply of land for real estate development, the real estate developers have little choice in selection of investment locations and areas. Third, China's real estate companies increased from a little over 3,000 in 1991 to the current 28,000, resulting in sharp competition between enterprises in the market. Fourth, the Chinese Government has introduced a number of tax reforms since the beginning of this year and the detailed rules for land value-added tax have not yet been promulgated and levied. As the prospects are unclear, investors are taking a wait-and-see attitude in developing new projects. Fifth, China

is making efforts to improve its real estate regulations and some speculators without solid finance dare not get involved in real estate.

According to an analysis, the prices of some high-class residential houses, villas, and holiday resorts in the real estate market in the areas which opened to the outside world earlier have dropped and transactions are slack. Driven by the high profits from high-class housing projects, some real estate developers made excessive investment in such premises in the real estate craze one or two years ago, resulting in oversupply. Nevertheless, there is still a great demand for low and medium class houses, which are not very much affected by the macroeconomic regulation and control and which are selling well.

Shih Hsiang-pang, director of Hong Kong Henderland Company Limited, which has been involved in mainland real estate development for years, said that foreign investment in China's real estate is tending to move northward and westward because there are greater opportunities in places where real estate development has just started. Moreover, investment in ordinary housing projects will be the main trend in the future because the risk is limited and turnover is quick. If the rate of renminbi remains stable, there will be bright prospects for sales of ordinary residential houses in the domestic market.

Guided by the Chinese Government policies, ordinary houses will become the main trend in mainland real estate development because there is a great demand and these projects can enjoy preferential policies.

Official Hails Rural Enterprises as 'Pillars'

HK1312150994 Beijing ZHONGGUO XINWEN SHE in English 1128 GMT 13 Dec 94

[FBIS Transcribed Text] Hong Kong, December 13 (CNS)—Mr. Zong Jingyao, deputy director of the Township Enterprises Administrative Bureau under the Ministry of Agriculture, said rural enterprises have become important pillars and the most active sector in China's national economy, giving great impetus to China's reform and openness and becoming a leading force in the socialist market-based economy.

Mr. Zong made the comments at a forum on China's rural enterprises and international economy held here yesterday. According to information provided by him, the total production value of rural enterprises in China registered renminbi [RMB] 2,902.2 billion in 1993, making up 36 percent of the total social production value for the country and making up 71 percent of the total rural social production value. The industrial production value of rural enterprises numbered RMB 2,210 billion, accounting for 47 percent of the total industrial production value for the country.

Mr. Zong spoke highly of the achievements of rural enterprises, saying they were an important sector and a

must for materializing national industrialization with Chinese characteristics. In view of their structure, rural enterprises were mainly run on a small or medium scale, jointly forming China's inland small- and medium-scale enterprise group combining with state-owned small- and medium-scale enterprises and urban collectively-owned enterprises, said Mr. Zong. These enterprises, combined with medium- and large-scale enterprises, had formed a reasonable enterprise structure in mainland China. The relationship between rural enterprises and state-owned enterprises is one of mutual reliance, promotion, and developing together.

According to Mr. Zong, in the last 15 years, 30 percent of net increase in gross national social production value, 35 percent of the net growth of gross industrial production value and one-third of the net growth in national revenue came from rural enterprises. Every three percentage point growth in the total production value of rural enterprises can cause the total social production value to register one percentage point growth. Every two percentage point growth in industrial production value of rural enterprises can cause the national industrial production value to register one percentage point growth. Tax paid by rural enterprises was RMB 105.9 billion in 1993, constituting one-fourth of the national public revenue. Rural export-oriented enterprises number 130,000 and rural overseas-funded enterprises total more than 30,000. Rural enterprises also set up more than 400 enterprises overseas. Exports of rural enterprises are valued at RMB 235 billion, making up 45 percent of the mainland's total purchasing amount for exports. Main product output of rural enterprises account for an increasingly higher ratio of the same

product output of the country, effectively increasing commodity supply, and greatly enriching urban and rural markets.

Mr. Zong finally said this year had seen greater growth in production value and profits for rural enterprises. Enterprise reform, with the reform of the property rights system as its core, was deepening. The export-oriented economy had become a main sector for rural enterprises and such enterprises in the central and west part of China speeded up their development. The scientific and technological levels, as well as the management level, of rural enterprises have all been enhanced to some extent and industrial districts and small towns have developed fast. Therefore, encouraging achievements have been made in reform, development, and the upgrading of rural enterprises this year.

Correction to Li Yining on Property Rights
HK1312030494

The following correction pertains to the item headlined "Columnist on Ending Property Rights Transfers" published in the 12 December China DAILY REPORT, page 44:

Please make sourceline read: ...Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 12 Dec 94 p 3... (correcting source);

Make subslug read: ["View Point" column by Li Yining, head of Beijing University's Department of Economics and Management and standing committee member of the National People's Congress]... (adding title).

East Region

'Roundup' on Jiangsu Opening Up Wider

OW1312143594 Nanjing XINHUA RIBAO in Chinese
28 Nov 94 p 1

[By XINHUA RIBAO reporter Xu Jianjun (6079 1696 6511): "We Should Accelerate the Export-Oriented Economic Sector 'Locomotive' and Open Up Jiangsu Wider: Roundup on Jiangsu's Efforts in Developing Its Export-Oriented Economic Sector"]

[FBIS Translated Excerpt] The broad masses of Jiangsu's cadres and people have this concept firmly ingrained in their minds: The export-oriented economic sector "locomotive" will bring about a sustained, stable, and coordinated development of Jiangsu's economy, and propel it to a higher level. In recent years, all concerned in Jiangsu have made concerted efforts to transform this common understanding into positive and effective actions, shifted the export-oriented economic sector "locomotive" onto a fast track, expeditiously opened up to the outside world, and further internationalized Jiangsu's economy.

Developing Its Export-Oriented Economic Sector Has Been the Only Way for Jiangsu To Create New Advantages in Its Economy

After reviewing Jiangsu's economic advantages, we have formed a common understanding that we should develop the export-oriented economic sector and further internationalize Jiangsu's economy. Situated along the coast and in the Changjiang delta, Jiangsu has been one of China's most economically developed provinces. As China is deepening reform and opening up, Jiangsu people have not been intoxicated with past glories. Instead, they have felt a sense of crisis, judged the hour, sized up the situation, and soberly understood that they are facing a new development phase.

First, we have reevaluated our processing-type economy whereby we "obtained raw materials from other provinces and localities and resold finished products to other provinces and localities." Having operated in a relatively closed, planned economy for a long time, Jiangsu has established a processing-type economy whereby it "obtains raw materials mainly from other provinces and localities and resells finished products mainly to markets in other provinces and localities." In comparison with other inland provinces, Jiangsu had a relative economic advantage in the processing industry. However, as China has been deepening reform and opening up, many inland processing industries have quickly developed, thereby posing serious challenges to markets traditionally claimed by Jiangsu. Meanwhile, many inland provinces have been transforming their resource-supplying economies into resource-processing economies, thereby reducing the supply of raw materials, which in turn has constrained Jiangsu's rapid economic growth.

Second, we have reevaluated the nature of Jiangsu's economy in an all-around manner. After developing for many years since the PRC's establishment, Jiangsu has built a relatively firm economic foundation and strength. However, it still had the following shortcomings that could not be ignored: Jiangsu's processing industries were underutilized; secondary industries were weak; industrial structure was irrational; and improvement in product quality and technological standards was not fast enough.

How could we create more new advantages in Jiangsu's economy? The provincial party committee and government had a very specific answer to this question: Developing Jiangsu's export-oriented economic sector has been the only way. Only by developing overseas markets could Jiangsu fully use international resources and markets so that it could comprehensively enhance its economic progress to a higher level.

Therefore, Jiangsu has regarded the objective of "further internationalizing Jiangsu's economy" as important and strategic, and all concerned in Jiangsu have striven to realize the objective.

We Have Seized Opportunities, Formulated Good Policies, and Properly Opened Up All of Jiangsu Province to the Outside World

After reviewing the development of Jiangsu's export-oriented economic sector in recent years, we are able to say: The provincial party committee and government have attained all their major achievements largely because they pursued central strategic programs and also because they promptly seized the following three major opportunities: Opportunities arose when the central authorities implemented strategies to facilitate economic progress in coastal regions in the middle and later parts of the eighties. Opportunities appeared when the central authorities decided to develop and open up Shanghai's Pudong in 1990. More opportunities came in 1992 when China implemented Comrade Deng Xiaoping's important speech during his south China tour. After seizing the above three major opportunities, Jiangsu has reported several accomplishments in developing its export-oriented economic sector:

- Nine cities directly under the provincial government, 40 counties (or cities), and 1,366 major industrial satellite towns have opened up to the outside world. Over 60 percent of Jiangsu's land acreage and population have been involved in the opening up.
- Jiangsu has established state-level economic and technological development zones in Nantong, Lianyungang, and Kunshan; the Zhangjiagang Free Trade Zone; new and high-technology development zones in Nanjing, Suzhou, Wuxi, (including Yixing), and Changzhou; tourist resorts in Suzhou and Wuxi Taihu; and the Suzhou Industrial Park. Since the beginning of 1993, the provincial government has approved the establishment of 52 provincial-level development

zones. Jiangsu has continually attained new accomplishments in enhancing foreign trade, foreign investments, and foreign economic relations.

..... [ellipsis as published]

Jiangsu attained outstanding achievements in its export-oriented economic sector because the provincial party committee and government have paid attention to the following major tasks:

They have deepened reform, established economic operating mechanisms that are conducive to the development of Jiangsu's export-oriented economic sector, and delegated the power to handle exports to all cities in Jiangsu and to counties (or cities) that have purchased over 1 billion yuan of imported goods or materials.

They have persistently paid attention to enhancing foreign trade, foreign investments, and foreign economic relations, and to developing the export-oriented economic sector in an all-around manner. They have regarded the growth of various development zones as indicators of the overall economic progress and made efforts in this regard. They have striven to accumulate experience in management systems, operating mechanisms, and adherence to international practice.

The provincial party committee and government have improved the investment environment and created favorable conditions for Jiangsu to open up wider to the outside world. In recent years, Jiangsu has allocated considerable manpower, resources, and funds to expand and construct ports, airports, high-class roads, electric power plants, telecommunications facilities, and urban public utilities. Meanwhile, Jiangsu has striven to improve intangible conditions, policies, measures, services, and administrative efficiency.

Various Localities Have Made Concerted Efforts, and Planned and Implemented the Policy of Opening Up to the Outside World

Various localities and relevant departments have made concerted efforts and jointly planned the overall programs of opening up to the outside world, thereby forcefully invigorating Jiangsu's endeavors to comprehensively develop its export-oriented economic sector. [passage omitted]

Many departments have warmly participated, sincerely served, and striven to make contributions in an effort to enhance Jiangsu's endeavors to develop its export-oriented economic sector.

To accelerate customs-checking procedures since early 1994, the Nanjing Customs Department has promoted passageways with traffic lights whereby goods that do not require permits, which are duty-free, and that are in transit to other customs checkpoints are allowed to pass through without inspection. Consequently, inspection speed has increased about five times.

The Jiangsu Commerce Inspection Bureau has proposed 10 measures to enhance exports for more foreign exchanges. For example, it accepts on-the-spot registration and inspection, and grants approval and export permits then and there, thereby reducing the number of trips incurred between factories and foreign trade units.

Jiangsu's offices for overseas Chinese affairs have played a "matchmaking" role by establishing stable and friendly relations with more than 7,000 figures of various circles and more than 100 overseas Chinese associations, industrial and commercial societies, and social organizations in over 20 countries and regions in the world.

Jiangsu's foreign affairs offices at various levels have properly served Jiangsu's endeavors to open up to the outside world. In recent years, Jiangsu has annually received more than 30,000 various foreign guests on invitations. Over 90 percent of the guests came for professional exchanges including economic, technological, and cultural exchanges.

Jiangsu's export-oriented economic sector "locomotive" is advancing at an accelerated pace. We believe that, in the near future, it will lead all of Jiangsu's economic sectors to compete in the vast international markets with new competitive advantages.

Foreign Banks in Shanghai Bid for Yuan Business

HK1412061794 Hong Kong SOUTH CHINA
MORNING POST (BUSINESS POST) in English
14 Dec 94 p 4

[By Foo Choy Peng in Shanghai]

[FBIS Transcribed Text] The vocal call by foreign banks to be allowed to conduct yuan business has a strong ally in Shanghai's Vice-Mayor Sha Lin, who also dismisses talk of the city replacing Hong Kong as a financial centre in the foreseeable future. "My assessment is the experiment to allow foreign banks to carry out local currency business will start with Shanghai. We hope this can be done soon and on a limited basis," Mr Sha said. "We in Shanghai are fighting hard to be in the forefront of this experiment and are now in discussions with Beijing on this. We hope to get permission as soon as possible."

Mr Sha was responding to Bank of Tokyo chairman Toyoo Gyohten who felt that the move to open up the banking sector to foreign banks would help expedite modernisation of China's antiquated banking system. "Foreign banks should be given more participation in the local banking system, including the yuan business, as competition from foreign banks will accelerate reforms," said Mr Gyohten, who is visiting Shanghai.

Many foreign banks, including Hongkong Bank, Citibank and several Japanese banks, have positioned themselves in anticipation of the liberalisation. However, they believe only a chosen few initially will be allowed to operate a yuan business. "The Chinese banking system is so backward that local banks just

cannot cope with full-scale foreign competition," Mr Gyohten said, adding that greater liberalisation would come with free convertibility of the yuan.

Mr Sha said that although 31 banks had branches and 87 had opened representative offices in Shanghai, this was still not enough to support the city's ambition to become an international financial centre. It would have to develop a more solid financial support and infrastructure network with more big banking names to the city, which could raise its ability to raise funds abroad. "So, Shanghai will still need a long time to develop into an international financial centre. It is unable to replace Hong Kong in the foreseeable future," Mr Sha said. Whether Shanghai could emerge as a major international financial centre would depend primarily on China's economic development. "If China, with Shanghai as its focus, continues to post robust growth, then it will create opportunities for Shanghai and the Yangtze region," he said.

However, unlike Hong Kong and Singapore which were propelled by entrepot trade and related support services into major financial centres, Shanghai ultimately would have to rely on domestic growth.

On Shanghai's economic growth Mr Sha predicted that gross domestic product this year would grow by more than 14 per cent, significantly higher than the forecast national figure of 11.5 per cent. This would be the third time in a row that it would surpass national growth. Last year, it expanded 14.9 per cent, compared with 14.8 in 1992. Such robust growth has also created huge transport and labour bottlenecks contributing to inflation markedly higher than the national average.

Shanghai's Baoshan Steel Company Seeks Personnel

OW1412100894 Beijing XINHUA in English 0940
GMT 14 Dec 94

[FBIS Transcribed Text] SHANGHAI, December 14 (XINHUA)—The Baoshan Iron and Steel Company in Shanghai, China's largest city, ventured into China's first three personnel markets to recruit top talent early this month.

Several thousand potential employees have talked with the Baoshan company, one of the largest steel manufacturers in China, which has signed up some 400 people so far.

To become a giant multinational by the end of the century, the Baoshan company plans to organize a group of experts and highly-skilled technicians to deal with production and management in the various industries it aims at developing in the future.

From December 8, the company started to talk to scientists and technicians at the three national personnel markets, located in Beijing, Shenyang (capital of Northeast China's Liaoning Province) and Shanghai, respectively.

The company accepted a doctorate student of Tongji University in Shanghai because he has done research on the effects of pile driving on construction sites. His research will find wide application in Baoshan's work, said a deputy manager of the company.

To date, nine students with master's or doctor's degrees from foreign universities have been employed by the company, after interviewing them at the fairs.

The past nine years have seen the Baoshan company increase production to 400,000 tons and reduce its staff by 2,000 each year. By the end of 1993 the number of staff members dropped to 19,519 from some 40,000, while production rose to 7.2 million tons from three million tons.

With each worker producing 360 tons of steel annually, the Baoshan company has the highest efficiency in China's steel and iron producing sector.

Central-South Region

Guangdong Preparing Laws on OTC Stock Trading

HK1412062494 Hong Kong SOUTH CHINA
MORNING POST (BUSINESS POST) in English
14 Dec 94 p 4

[By Rowena Tsang]

[FBIS Transcribed Text] Guangdong is preparing laws for over-the-counter (OTC) trading of stocks as a step to promote the stock trading of non-listed companies, according to Yi Zhenqui.

As a director of the province's Securities Supervision and Control Committee, Mr Yi proposed that the second-tier market be specialised for less qualified companies, mostly the small and medium-sized state enterprises.

The stock trading would be conducted over the counter. "The qualifications of the companies entering the system will depend on their organisation and profits. The stock trading will not allow quotations competition," Mr Yi said.

Although he was unwilling to divulge details about the OTC trading-scheme, he suggested that the regulation of the OTC lay with the local authorities. Mr Yi believes that the stock trading of non-listed companies will be a means to boost the reform of state enterprises, and the provincial government is taking steps to reform them.

The provincial government had already introduced a modernisation programme for enterprises and had injected more than 25 billion yuan (about HK\$22.74 billion) into enterprises in the province. Mr Yi said the State Assets Management Bureau an official body to overlook the assets of state enterprises, would be formally established by the end of the month or early next

year. He said a number of holding or investment companies would be set up under the bureau to manage the assets of the state enterprises while the actual business management would be entrusted to the directors.

More than 3,000 state enterprises in the province are expected to have had their assets assessed by the end of the year and the rest are slated to go through the process next year. He also said the Guangdong Kelong Electronics Group was one of the seven designated companies in the third batch of H-share companies for listing.

Hainan Gas, Oil Processing Plant Behind Schedule

HK1312145994 Beijing CHINA DAILY in English
13 Dec 94 p 2

[By Lu Hongyong: "Hainan's \$100m Oil Plant Slowly Gets Off the Ground"]

[FBIS Transcribed Text] China National Offshore Oil Corporation (CNOOC), Arco China and Kuwait Foreign Petroleum Exploration Company (Kufpec) are investing \$100 million in a new gas and oil processing plant in Hainan Island.

The Nansha shorebase station, 42 kilometres west of the southern resort of Sanya, aims to bring natural gas and condensate oil onshore from the Yacheng 13-1 gas field.

Hainan contracted a yearly supply of 500 million cubic metres of gas from the gas field for its gas-burning generators and a fertilizer plant. A small amount of the fuel will be liquefied for commercial and residential use.

The project includes construction of a harbour, two oil tankers, oil and gas burning generators, machines to separate water, gas and oil and auxiliary safety facilities. Although building has started, it is lagging behind schedule.

Dock constructors reported an 11 per cent delay in September after winds and tides suspended building of a 362-metre harbour breakwater throughout summer.

Facility installation was also delayed as all machines were ordered from abroad and had to be imported.

Late delivery and failure to mesh different parts was mainly to blame for the delay.

With only a year to go before Yacheng 13-1 gas field opens in January 1996, the Nansha station has a lot of work to do.

The timing of construction is crucial to the contract if Hainan Province wants to make the contract pay.

Despite the difficulties over 63 per cent of the shore-base's machines have been installed, said Canh Do, Arco's construction manager.

Some materials can be flown to the base, Do said, adding it won't overrun budget as there is a 10 per cent contingency plan already in the budget to cover unexpected expenses.

But it is important to finish dock construction before next April when tough winds and tides start again. Employees will have to work overtime and use more equipment to finish the job in time.

Once completed, the station should be able to process 500 million cubic metres of natural gas and 200,000 tons of condensate oil each year. Welding of a second 67,000-barrel oil tanker is now under way. Processed condensate oil will be shipped abroad from its harbour, which can moor 10,000-ton oil tanks.

Some 300 million cubic metres of gas will be used to feed a 400,000-kilowatt burning power plant near the base.

The first phase of construction has been completed, with an installation capacity of 50,000 kilowatts. Another set of generators of the same capacity will open by the end of the month.

The base management have made sure the area is safe from explosion and leakage, Do said.

The receiving station will build skimmers and oil booms to suck up spilled oil and special vessels will be on standby in case of emergency.

Southwest Region

Sichuan Deputy Secretary on Opening to Outside

OW1412082494 Beijing XINHUA in English 0744
GMT 14 Dec 94

[FBIS Transcribed Text] Chengdu, December 14 (XINHUA)—Sichuan, the largest interior province in the Chang Jiang River Valley, has taken advantage of the building of the world's largest project there, the Three Gorges Dam, to open further to the outside world.

Pu Haiqing, deputy secretary of the provincial committee of the Communist Party of China, said that since 97 percent of the province's territory is located in the valley, "The construction of the Three Gorges Dam will offer a historical opportunity for the province to open further to the outside world and develop more rapidly."

He noted that populous Sichuan, which has developed into a leading agricultural and industrial base over the past 15 years, offers a vast field for foreign investment.

So far, the province has attracted over eight billion U.S. dollars in foreign investment and set up more than 4,800 foreign-funded enterprises, he said.

To attract more foreign investment, the provincial government has worked out a package of preferential policies and expanded international cooperation in the fields of infrastructure, key capital projects, modernization of

traditional industries, agriculture, high-tech industries and transformation of state enterprises, Pu said.

Guo Jinlong Addresses Conference

OW1412095694 Lhasa Tibet Television Network in Mandarin 1200 GMT 13 Dec 94

[Announcer-read report over video by correspondents Bai Yang (4101 1135) and Ran Deyong (0373 1795 0516); from the "Regional News Hookup" program]

[FBIS Translated Text] Addressing a Tibet regional party school work conference which opened today, Guo Jinlong, executive deputy secretary of the Tibet Autonomous Regional Party Committee, called on the vast numbers of party school workers in Tibet to sum up experiences, to study the new circumstances confronting party schools in their work and solve new problems under the new situation, to improve understanding and seek unity of thinking, to be clear about their tasks and intensify reform, and to strive to usher in a new situation for the work of party schools in Tibet.

At the conference, Deputy Secretary Guo Jinlong pointed out: New situations and new tasks urgently require us to improve education among cadres. The vast numbers of party-member cadres must correctly handle the relationship between study and work and actively dedicate themselves to the study of the theory on building socialism with Chinese characteristics, the guidelines laid down by the third forum on work in Tibet, the theory on a socialist market economy, the knowledge of management, and the knowledge of science and culture. They must produce practical results from study and vie with each other to be qualified leaders in the new period through arduous efforts; they must be one of those who advocate the promotion of social and historical progress; they must acquire a full understanding of the position occupied by party schools and their role; and they must intensify reform and successfully run party schools. Meanwhile, they must promote development of a contingent of party school teachers. It is necessary for party committees at all levels in Tibet to strengthen leadership over party schools.

During the conference, Dawa, secretary of the party committee of the Tibet Autonomous Regional Party School, delivered a report: "Treat the Guidelines Laid Down by the Third Forum on Work in Tibet as the Turning Point and Strive To Expedite the Party School Work in Tibet."

Basang, Buqiong, Li Weilun, Gyamco, and Laba Pingcuo, leaders of Tibet, and comrades in charge of Tibet's relevant departments attended the conference.

Reporter's Diary on PLA Entering Tibet

OW1212142894 Beijing XINHUA Domestic Service in Chinese 2118 GMT 11 Dec 94

[FBIS Translated Text] Lanzhou, 12 Dec (XINHUA)—The "Diary of Marching into Tibet," a faithful record

and academic work on a historical event—the entry of the People's Liberation Army [PLA] into Tibet—has been edited by the Chinese Language Document Editing Department of the Tibet Academy of Social Sciences. It will be published by the China Zangxue Publishing House soon.

Lin Tian, writer of the diary, is a senior reporter of the XINHUA NEWS AGENCY. During the war of liberation, working as a military reporter, he filed reports on the Huaihai and Dujiang wars and on entering the great Southwest. In 1950, he followed the 18th Army and entered Tibet on foot. With a total of 200,000 words, this diary recorded events taking place on his way to Tibet from July 1950 to February 1952. It is highly valued for its precious information.

The peaceful liberation of Tibet is a major event in the PRC's history since its founding. The entry of PLA troops, mainly the 18th Army, into Tibet has always been a focus of people's attention. This diary truthfully answered people's questions. Readers will feel as if they are participating in the event while reading this personal document.

Book on Tibetan Grammar Published

OW1112034494 Beijing XINHUA in English 0140 GMT 11 Dec 94

[FBIS Transcribed Text] Lhasa, December 11 (XINHUA)—A modern grammar of the spoken Tibetan language was published here recently.

The book, containing 488,000 Han characters, was written by Wang Zhijing, a 46-year-old lecturer in the Tibetan language department of Tibet University in Lhasa.

Experts here agree that this the first book about the study of the Tibetan language and will help promote the modernization of the teaching of the Tibetan language.

Wang went to work in Tibet in 1975 and has involved himself in the teaching and study of the Tibetan language since.

According to Wang, he is preparing to compile materials, and will soon write a book entitled "Linguistics of Tibetan Society."

Yunnan Achievements in Reducing Peasant Burden

HK1412070294 Kunming Yunnan People's Radio Network in Mandarin 1000 GMT 7 Dec 94

[FBIS Translated Text] As learned from a provincial meeting on reducing the peasants' burden days ago, Yunnan has made prominent achievements in this regard. The provincial and local authorities have revoked 405 irrational programs, reducing the peasant's burden by 260 million yuan.

Since 1990 the labor investment or voluntary jobs assigned by village or township authorities to the peasants have remained within the limits set by the State Council and have continued to decline. All levels of party committees and governments have always taken serious account of agricultural production to increase peasant incomes and reduce their burden. Particularly in recent years, they have introduced a number of policies and regulations on reducing the peasants' burden. First, party and government leaders have taken personal charge of this work and all departments have cooperated with each other in exercising management. Since last year 95 kinds of charges have been revoked throughout the province. Special funds have been allocated to be used as subsidies for village office workers, rural secondary and primary school teachers, agricultural scientific and technological personnel, civil affairs assistants, family planning advocates, and forest rangers, totaling 160,000 people.

Through years of hard and meticulous work, Yunnan has achieved marked results in reducing the peasants' burden, thus boosting their initiative in production.

Article on Yunnan Drug Trafficking, Addiction

HK1412053794 Hong Kong TANGTAI in Chinese No 44, 15 Nov 94 pp 68-69

[Article by Huang Chen (7806 5271): "Yunnan Bedeviled by Flood of Drugs"]

[FBIS Translated Text] Yunnan, which lies in China's southwestern corner, is one of the economically less developed provinces, although it is a region with a vast territory and rich resources. Since China began implementing reform and opening up policy in 1978, the desire to "make a fortune" has evoked the lust of greed among many criminals. There is this common saying among gangsters in Yunnan: "Get rich, go for drugs." Many drug traffickers collude with drug lords outside the country, bribe anti-narcotics officials, smuggle large quantities of opium and heroin into China, and sell these drugs to various parts of the country or to Europe and America via Hong Kong through a large, systematic, and tightly controlled marketing network. Drug trafficking has become a longstanding problem for the Yunnan government. Repeated crackdowns have yielded little result, and drug trafficking and drug abuse remain serious social and economic problems troubling the province.

Frequent Encounters Between Drug Traffickers and Antinarcotic Organs

Most drug traffickers in Yunnan are ruffians who will do anything to make a profit. Through many years of encounters with antinarcotics organs, they have developed into close-knit organizations. They have all kinds of ways to traffic drugs into the country, such as employing couriers who disguise themselves as pregnant women or who live on the Sino-Burmese border, or

through secret trafficking routes. In recent years, some drug traffickers have also bought large quantities of weapons and have carried out their trafficking on mule and horseback under armed escort. As a contingency measure, they sometimes hide high explosives under the animals' bellies. If discovered by antinarcotics police, they try to fight their way through. If they cannot run, they detonate the explosives and die with the drugs. Such encounters between drug traffickers and antinarcotics organs frequently occur, and it is by no means easy to catch the armed traffickers with their goods and bring them to justice. Antinarcotics work is not something idyllic. Rather, it is a dangerous affair and a risky business, like living on a razor's edge. Faced with increasingly rampant drug trafficking activities, Yunnan Province has no alternative but to increase funding to antinarcotics bureaus and to supply them with more equipment and manpower.

Yunnan's Drug Trafficking Network Covers Whole Country

Yunnan drug dealers have a huge and close-knit marketing network, and their drugs are sold throughout the whole country, and they have even reached destinations in Europe and America via Hong Kong through clandestine routes. The drugs are distributed by wholesale as well as retail means. Since drug dealers work on a one-to-one basis, it is impossible to crush the central nervous system of their organizations by arresting one drug dealer. Retail drugs are usually sold to regular customers, or to strangers at clandestine points. Wholesale is mainly negotiated through contacts. Prices and quantities are agreed at one clandestine spot and delivered for cash at another. This makes antinarcotics work extremely difficult.

Some drug dealers openly defy the law and challenge the authority of the public security organs. The ringleader of a trafficking gang in Wenshan County was arrested. Members of his gang organized an assault against the public security organ in an attempt to rescue him. When their attempt failed, they threatened to dope the children of leading cadres of the county's party, government, and public security organs to teach them a lesson. They sent their men to befriend, through various channels, the children of principal leading persons of the county party committee, county government, county people's congress, and county Chinese People's Political Consultative Conference [CPPCC] delegates, as well as the children of the county's public security bureau staff, and lured them into taking drugs with sweet words and promises of material gains. Before long, these innocent children all became young drug addicts and could not live without drugs. When their parents discovered what had happened, it was already too late. They could only send them to drug rehabilitation centers with tears in their eyes. In their deep grief, the wives of some of these leading cadres blamed their husbands for being too harsh on the drug dealers and for inflicting such harm on their children.

Village Elders and Ordinary Villagers Are All Drug Addicts

Drug trafficking has brought serious economic and social problems to Yunnan. Drug abuse has become very widespread in villages along the Yunnan-Burmese border. In one of these villages, everyone, man or woman, young or old, from village elders to ordinary villagers, is a drug addict. Some families have pawned or sold everything they have. Everyone is pale, skinny, and weak. The fields are neglected and overgrown with weeds. A whole village has been destroyed by drugs.

This is not only the case in rural areas. The number of drug addicts is also on the increase in many cities in Yunnan. A millionaire in Dongchuan had nothing better to do and heard that drugs could give one a wonderful experience. Out of curiosity, he had a try and was hooked. His fat wallet grew thin. His wife was worried about him and kept urging him to kick the habit, but he refused to listen. Out of spite, she too started using drugs. With husband and wife both hooked on drugs, they had no time to look after their thriving business and had to mortgage it to others while eating themselves out of house and home. After a few years, their handsome fortune was completely drained. The husband had to beg and steal, while the wife had to sell her body to satisfy their need for drugs. In the end, the husband fell dead on the street, and the wife was sent to a drug rehabilitation center. People who know the whole story sighed for them. There are numerous cases like this in Yunnan. If a millionaire can become penniless in a few years, one can imagine how families that are not well off fare if they have a drug addict at home. In order to satisfy their craving for drugs, they risk anything: Rob, steal, sell their bodies. Some even perpetrate heinous crimes such as armed robbery and manslaughter. A young man in Luoping County was a drug addict. He sold everything he had for drugs. One day, under the influence of withdrawal symptoms, he tried to take the money which his mother had borrowed to buy drugs. The tearful mother tried to reason with him, but he got mad, fetched a chopper from the kitchen, and chopped his mother dozens of times. He then snatched the money from his mother, who was lying in a pool of blood, and dashed off to the nearest drug dealer.

Woman Doctor Turns Convict After Trying Drugs

Drug abuse, particularly by means of injection, makes a person vulnerable to all kinds of diseases. In China, the largest group of AIDS patients is not found among homosexuals but among drug addicts who use syringes. This revelation shocked the whole nation. Here is another heart-rending story: At the Kunming Drug Rehabilitation Center, there was a woman doctor who was full of sympathy and had a great sense of responsibility. Seeing how her patients suffered trying to kick the habit, she wanted to experience for herself the pains involved in order to find a better way of helping her patients. However, once she started using drugs she

could not get herself away from them. In the end, she had to sell her body to buy drugs and ended up in prison. She recounted her story in court. Although her story moved many people to tears, she could not get a reprieve from prison. Her crime is pitiable, but the law is ruthless.

China, which suffered immensely because of opium in the 19th century, is now faced with an even greater threat from drugs. Wiping out drugs has now become the most urgent task for Yunnan. Whether the province can win a decisive victory in the battle against drug dealers and drug addicts remains to be seen.

North Region

Beijing Conference on Rural Party Building

SK1312055394 Beijing BEIJING RIBAO in Chinese 6
Dec 94 p 1

[Report by Xu Jun (1776 6511): "The Beijing Municipal CPC Committee Holds the Rural Grass-Roots Party Organizational Work Conference"]

[FBIS Translated Text] On 5 December, the municipal party committee held the rural grass-roots party organizational work conference to implement the guidelines of the fourth plenary session of the 14th party Central Committee and the fifth plenary session of the seventh municipal party committee; to ideologically, politically, and organizationally make overall enhancement of the construction of the rural grass-roots party organizations; to further enhance the combat effectiveness, unity, and attractiveness of the rural grass-roots party organizations; and to ensure that the suburban districts and the rural areas should realize the target of becoming fairly well-off ahead of schedule.

Municipal leaders, including Chen Xitong, Wang Tong, Duan Bingren, and Duan Qiang attended the conference.

Chen Guangwen, deputy secretary of the municipal party committee, chaired the conference. On behalf of the municipal party committee, Du Deyin, secretary of the agricultural work committee under the municipal party committee, made a report entitled "Ideologically, Politically, and Organizationally Make Overall Enhancement of the Construction of the Rural Grass-roots Party Organizations And Fight for Becoming Fairly Well-off Ahead of Schedule."

The report sets forth: We should proceed from the overall situation and approach from a strategically high plane to fully understand the importance and urgency of strengthening the construction of the rural grass-roots party organizations; enhance the sense of responsibility and urgency to grasp fully the construction of the grass-roots party organizations, exert real and arduous efforts to solve in a down-to-earth manner the existing problems in the construction of the grass-roots party organizations, and make new progress in this regard.

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The report sets forth the guiding ideologies of the rural grass-roots party organizations and the fighting goals in the next three years as follows:

Party organizations should persist in their position as a leading core and adhere to the basic line of the party. Closely in line with the overall situation of reform, development, and stability and the goal of seeking wealth and striving to become fairly well-off, we should grasp party building. Persistently in line with the principle of taking the collective sector of the economy as the key and simultaneously developing various sectors of the economy, we should guide the peasants to take the path of common wealth. Persistently in line with the principle of strictly administering party affairs, leading bodies should take the lead to make overall ideologically, politically, and organizationally enhancement of the construction of the rural grass-roots party organizations. We should define the work tasks for the grass-roots party organizations and carry out the system of managing their inner-party political activities. We should persistently emancipate the mind, seek truth from facts, and study the new situation and solve new problems in the course of reform and development.

The general target for the construction of the grass-roots party organizations in suburban districts and rural areas in the next three years is to realize "the CPC Central Committee's notice on strengthening the construction of the rural grass-roots organizations" and the "five requirements" as set forth in the municipal party committee's three-year plan for party building. That is, build a unified and powerful leading body that enjoys the support of the masses, particularly a good secretary. Cultivate and build a good, combat-effective contingent of communist party members with the ability to bring their exemplary vanguard role into play; a good, combat-effective contingent of cadres with the ability to play an exemplary and leading role; and a good, combat-effective contingent of communist youth league members with the ability to bring into play their role as an assistant and a reserve force. We should accurately select a good process, suitable to the acceleration of the pace of developing the local economy and guiding the peasants to seek common wealth and to step toward the goal of becoming fairly well-off. We should perfect a good managerial system, ceaselessly expand the collective economic strength, enhance the vitality of the economy, and guide and support the peasants to take the road of seeking common wealth. We should perfect a set of good managerial systems embodying democratic management and legal administration and ensuring an effective operation of work to gradually standardize and systemize the village-level work and to form healthy, civilized, progressive, and harmonious styles of villages and townships.

The report also sets forth requirements for vigorously upgrading the leadership quality and the leadership of party branch secretaries and leading bodies; realistically strengthening the education and management of rural party members; achieving the work of developing party

members, building "villages that each create 100 million yuan of output value annually," developing "specialized villages," supporting "backward villages" to promote the rural areas' economic development and spiritual civilization; and exerting great efforts to consolidate backward party branches and strengthen the construction of the rural party branches in the border, remote, and mountainous areas.

Responsible persons of the party committees of Tongxian, Shunyi, and Daxing Counties, Fangshan District, and Changping County's Nanshao County introduced their typical experiences in strengthening the construction of the grass-roots party organizations.

Chen Guangwen, deputy secretary of the municipal party committee; and Duan Qiang, vice mayor of the municipality, made important speeches, urging to upgrade understanding, persist in the leadership of the party in the new situation, take the economic construction as a key link, develop the collective sector of the economy, upgrade the overall quality of the party, bring into better play the party's role as a core and a fighting force, bring into better play communist party members' exemplary vanguard role, achieve the construction of grass-roots party organizations, and solve the problems within the party. They stressed: The key to achieving the construction of grass-roots party organizations hinges on well selecting village-level party branch leading bodies. Village-level party branch leading bodies should be able to guide the peasants to enter markets, develop the collective sector of the economy, and take the road of seeking common wealth. They must be diligent and honest in performing official duties and enjoy higher prestige among the masses. We should make efforts to promote the rural areas' reform, opening up, and modernization; ensure to realize the task of becoming fairly well-off three years ahead of schedule; and promote the social stability and overall progress of the rural areas.

Beijing To Hold Folk Festival To Increase Tourism

OW1312160494 Beijing XINHUA in English 1548
GMT 13 Dec 94

[FBIS Transcribed Text] Beijing, December 13 (XINHUA)—Beijing is to hold a week-long 1995 Asian Folk Customs Festival next year, China Tourism News reported.

The festival, from 21 to 27 September, 1995, is aimed at attracting more travellers worldwide and developing the tourist industry of Beijing, according to the local tourist bureau.

Miao Lisheng, deputy director of the city's tourist bureau, said that the festival includes performances by Chinese singers and dancers as well as artists from other Asian countries and regions.

In addition, visitors at the festival can taste the foods of Asian countries and regions and enjoy exhibitions of folk

customs, shows of traditional handicrafts, ornaments, paintings, and antiques, Miao said.

"With a variety of activities and products of folk societies in Asia, the festival will play a leading role in a tourist boom in Beijing," he added.

Hebei Holds 30th Executive Meeting 16 Nov

SK1412111294 Shijiazhuang HEBEI RIBAO in Chinese 17 Nov p 1

[By reporter Jin Youxin (7246 2589 2450): "The Provincial Government Held Its 30th Executive Meeting"]

[FBIS Translated Text] On the morning of 16 November, Ye Liansong, governor of Hebei Province, presided over the 30th executive meeting of the provincial government. While the meeting discussed relevant proposals for examination and approval, Ye Liansong made plans for several works which should be firmly grasped.

The proposals, which were examined and approved in principle by the meeting, were as the follows: "the implementation methods for handling labor disputes in enterprises in Hebei Province"; "the implementation details for managing Hebei's publication of books, newspapers, and periodicals"; "the provisional regulations of Hebei Province for planning and managing national territories"; and "several policy suggestions for Hebei's work on quickening the construction of small cities and townships and on promoting reform of the system for urbanizing rural areas." The provincial government will promulgate these regulations for implementation after they have been further revised in line with discussions and opinions. The meeting also examined and approved in principle "Hebei's namelist of chosen personnel who can enjoy special government subsidies and of young and middle-age specialists who have made extraordinary contributions during 1994."

After the meeting examined and approved the above-mentioned proposals, Ye Liansong emphasized that at present we should firmly and successfully carry out the following work: stabilizing prices, curbing inflation, strictly controlling the excessively rapid growth of consumption funds, and strengthening cash management should be regarded as the primary task for strengthening macroeconomic regulation and control. We should firmly grasp the work of purchasing cotton, grains, and oil, and should ensure the accomplishment of the task by the year's end. We should raise funds through various channels; should exert great efforts to tap the potential of internal funds; and should give priority to satisfying the demand for funds for production, construction, and circulation. We should devote great efforts to grasping the capital construction of farmland and water conservancy projects as well as rural technical training work during this winter and next spring in an effort to lay the foundation for reaping a bumper agricultural harvest next year. We should realistically do a good job in

organizing industrial production, and should ensure the accomplishment of the task of "increasing industrial added value, the profits and taxes of the industrial units exercising independent accounting, and the local investment in the technical transformation investment of state-owned units; of reducing the deficits of large and medium industrial enterprises; and of enhancing the comprehensive index of economic efficiency." We should also ensure the accomplishment of the target of ending deficits and increasing profits. We should do a good job in the construction of key projects, should ensure that a batch of projects will be completed and put into production according to plans, and should strive to begin the construction of a number of projects with favorable conditions. We should firmly do a good job in organizing the financial revenue and ensure the accomplishment of the task of collecting financial tax revenues. We should realistically solve a number of problems of counties that delay the wage payments for cadres, staffs, and workers. We should conscientiously do a good job in arranging for the production and living of people in disaster areas, and should ensure the victims of a natural calamity can safely tide over the winter.

Ye Liansong pointed out: There is only one and a half months left until the end of the year, thus firmly and successfully carrying out these works is of great importance to accomplishing the entire year's task. He called on leaders at all levels across the province to pay attention to key issues, define their own responsibility, and realistically accomplish various tasks.

Chen Liyou, executive vice governor; Vice Governors Guo Hongqi, Gu Erxiong, and Wang Youhui; Wang Zuwu, adviser to the provincial government; Secretary General Chen Chunfeng; and others attended the meeting. Responsible persons of the relevant departments directly under the province attended the meeting as non-voting members.

Hebei Meeting on Rural Grass-Roots Building

SK1412035294 Shijiazhuang HEBEI RIBAO in Chinese 25 Nov p 1, 2

[Report by Han Shaojun (7281 4801 0689): "Strengthen Leadership, Define the Objective, Stress the Key Issues, and Enhance the Construction of the Rural Grass-Roots Organizations to a New Level"]

[FBIS Translated Text] On 24 November, the provincial party committee held a meeting of secretaries of the county and city party committees across the province to study and carry out the guidelines of the directives of the party Central Committee and the provincial party committee on strengthening the construction of rural grass-roots organizations, study and devise plans for the work of building rural grass-roots organizations across the province. The meeting emphasized that we should further strengthen the consciousness of successfully carrying out the construction of rural grass-roots organizations, strengthen leadership, do a good job in the key

issue of building the rural party branches, establish a perfect operational mechanism of building rural grass-roots organizations, and enhance Hebei's work of building the rural grass-roots organizations to a new level.

Zhao Shiju, member of the standing committee of the provincial party committee and director of the organizational department, presided over the meeting and Vice Governor Gu Erxiong relayed the guidelines of the national work conference on building rural grass-roots organizations. Li Bingliang, deputy secretary of the provincial party committee, made a statement on how to carry out the guidelines of the directives of the central authorities and the provincial party committee. In line with the reality of the locality, the participants conducted conscientious study and discussions and studied and probed into the ideas and measures for further strengthening the construction of rural grass-roots organizations.

Li Bingliang pointed out in his statement: The priority of successfully carrying out the construction of rural grass-roots organizations is that we should transform ideas, deepen recognition, and further strengthen the consciousness of successfully carrying out this task. We should strengthen the consciousness of managing the party affairs by the party itself, regard the work of successfully carrying out the construction of rural grass-roots organizations as the important duty of various party committees at and above the county level, and realistically implement the leadership responsibility of building the rural grass-roots organizations. Particularly, the party committees of the county should put work emphasis on and devote major efforts to the rural work and the construction of grass-roots organizations. We should properly handle the relationship between economic construction and party building. We should comprehensively and properly carry out the policy of "grasping party building in line with the objective of becoming better-off and successfully carrying out party building work to promote the realization of a better-off life." We should not only strengthen the construction of rural grass-roots organizations in line with the objective of becoming better-off and persist in measuring the results of strengthening the construction of grass-roots organizations with the achievements of becoming better-off, but also should pay attention to preventing the practice of replacing the party's work with economic work, and avoid the trend of inundating the party's work in the daily economic routine. We should really attach equal importance to economic construction and party building and never waver in either. We should make unremitting efforts to do a good job in the day-to-day work, overcome the temporary and sudden ideas and practices, and basically combine the formulation and implementation of the long-term plan and work for a certain stage, the organizational adjustments and the construction of ideology and work style, and the firm grasp of solving the present key issues with the strengthening of system building. We should uphold some effective methods

practiced in the past; perfect those which are basically applicable but not perfect enough; use new methods to replace those which were applicable in the past but are not suitable or useless now through conducting bold explorations and experiments; and take a new path of strengthening the construction of rural grass-roots organizations in the course of reform.

Li Bingliang emphasized that we should define the objective, stress the key issues, and really build the rural party branches into strong fighting bastions of the new period. We should do a good job in the construction of rural party branches in high standards. The leading bodies of the rural party branches of the new period should exert their efforts to the following issues: First, we should establish the ideas of the big party building and exactly find out the joint point of rural economic development and rural party building work. Second, in line with the demands of the big development, we should creatively conduct our work and unceasingly open up the new situation of economic development. Third, we should adapt to the demands of the market economy and make the rural party organizations really become the bridges and links for leading peasants to enter the market. Fourth, we should strengthen the party spirit and the ideas of law and discipline, and act as fine examples of honestly performing official duties and making selfless dedication. We should realistically do a good job in the work of transforming the backward party branches. We must regard the task as the most important one. Thus, we should select and install capable cadres to villages for conducting rectification in each and every village and ensure that the task of improving the paralytic party branches will be fulfilled on schedule.

While concentrating on improving the paralytic party branches in line with the demands of the central authorities and the provincial party committees, we should devote three years to successfully transforming the present backward party branches by batches. Through deeply and meticulously investigating and finding out the real situation, we should exactly find out the reasons of lagging behind, grasp the main contradictions, precisely select the breakthrough points, suit the remedy to the case, suit measures to the local conditions, and exert real and hard efforts to do a good job in improving the "weak, slack, and paralytic" state in the party branches. We should firmly grasp the key issue of selecting and installing secretaries of the rural party branches. In the course of strengthening the construction of rural grass-roots organizations, the work of meticulously selecting and installing secretaries of rural party branches should be regarded as the top priority. While selecting and installing secretaries to rural party branches, we should renew the ideas of using personnel, and in line with the demands of developing the socialist market economy and the principle of recruiting those who have both ability and political integrity, promote to key posts those cadres who can do their work boldly, proficiently, and realistically.

We should further broaden the channels of recruiting personnel through various forms, such as from within, those returned from other localities, trained by the higher authorities, and transferred to the grass-roots units, through lateral ties and help from the high and low levels, and select qualified people without sticking to one pattern. We should add impetus to training work and enhance the quality of rural cadres. The province, and cities and counties at all levels should uphold the principle of charging each level with specific responsibility, define their training priorities, and make specific and workable plans for implementation.

Li Bingliang pointed out: We should strengthen the responsibility, conduct strict evaluation, and establish a perfect operational mechanism of building rural grass-root organization. We should formulate plans for strengthening the construction of rural grass-roots organizations in each and every level and assign them to various leading members of the party committee, the responsible departments, and the grass-roots party organizations at each and every level. We should let every member carry out each and every task and work it out. It is necessary to implement the responsibility system of managing certain targets, make strict evaluations, give awards and punishments, and regard these as an important content of evaluating whether the cadres have prominent achievements.

He pointed out: We should realistically strengthen the leadership of building rural grass-roots organizations. The party committees at all levels should proceed from local reality and set up relevant organizations for grasping the construction of rural grass-roots organizations as soon as possible. We should further change the leadership work style and improve work methods. The party committees at all levels and the responsible government comrades, especially the secretaries of the party committees, should go deeply to the reality, strengthen investigation and study, find out the new creations of the masses in the course of investigation, and seek ideas and methods from investigation and study. We should realistically strengthen supervision and inspection over this work. We should set up the report system of grasping the construction of rural grass-roots organizations and the work management and inspection system, and specifically and effectively strengthen inspection and management. We should take good care of the grass-roots cadres in terms of politics, work, and living, do a good job in solving their remuneration problems in line with the principle of linking achievements with payments, gradually establish the social insurance system of village cadres, and resolutely investigate and handle the cases of persecuting and taking revenge against the grass-roots cadres in an effort to eliminate their fear of disturbance in the rear and create a better work environment for them.

At last, Li Bingliang emphasized that since the Fourth Plenary Session of the 14th CPC Central Committee, the whole party has paid the unprecedented attention to the

construction of the rural grass-roots organization. Therefore, we must grasp the current advantageous moment of strengthening party building, conduct positive explorations in unceasingly strengthening the functions of party committees to manage party affairs and in strengthening and improving the leadership of building rural grass-roots organizations, and redouble our efforts and keep forging ahead in enhancing the construction of rural grass-roots organizations to a new level.

Attending the meeting were secretaries of county and city party committees at all levels, deputy secretaries of the party committees of all cities and prefectures in charge of this work, and the directors of agricultural work departments.

Hebei on Consumption, Cash Management

SK1412064794 Shijiazhuang HEBEI RIBAO in Chinese 17 Nov pp 1, 3

[By trainee Wang Lixia (3769 7787 7209) and reporter Xiao Shuangsheng (5135 7175 0524): "Strictly Control the Excessively Rapid Growth of Consumption Funds and Adopt Realistic Measures for Strengthening Cash Management"]

[FBIS Translated Text] In order to strictly control the excessively rapid growth of consumption funds and realistically strengthen cash management, the provincial government held a television-telephone conference on 16 November, and in line with the demands of the State Council, made plans for Hebei Province in this aspect. Governor Ye Liansong and the executive vice governor, made a statement at the conference.

Since the beginning of this year, the national economy across the province has maintained a trend of sustained, rapid, and healthy development, thus, the overall situation has been good. Some unavoidable contradictions and problems have also existed in the economic life; of which the most prominent is the excessively rapid growth of price increases and it has become the important factor affecting the normal operation of the national economy in our province. During the last ten months of this year, the price level of our province had been in a state of high increases. Judging from the price changes, the prices of various commodities went up in an all-around way, with price increases in daily necessities such as food, clothing, goods for daily use, and fuel especially significant. Specifically under this situation, the provincial party committee and the provincial government adopted a series of regulatory and control measures. For the time being, the trend of price increases in the market of Hebei has not yet been fundamentally curbed.

One of the important reasons involved in the high price level is the excessively rapid growth of consumption funds. According to the statistics, the cash payment for wages from banks across the province from January to October was 33.55 billion yuan, up 33.6 percent over the same period of last year. Judging from the monthly

situation, there was a trend of accelerated wage increases month by month. Since the beginning of July, the increase has been above 30 percent. There are two factors involved in the increase in the total amount of wages. One is the reasonable factor of adjusting wages and the other one is the unreasonable reason of recklessly issuing bonuses and subsidies above the criterion and under all sorts of pretexts. As long as some enterprises do not care about what is good and bad in production and management efficiency, and believe that wages only can be increased but not decreased, the growth of the total amount of wages will be higher than that of production and efficiency. Due to the high consumption of some units, the situation of using public money for ostentation and extravagance, displaying wealth, and comparing each other, extravagance and waste are quite prevalent and the issues of violating financial and economic disciplines have occurred now and then, causing a rapid increase in social groups' consumption in our province. Of the province's bank cash supply, that for administrative management expenses was 12.477 billion yuan, up 28.52 percent over the same period last year. Currently, there is a weakening in cash management at banks. It is quite prevalent that many enterprises wait and draw cash for unreasonable expenditures and even above the quota of the cash kept in their treasuries. In addition, the behavior of us holding a large amount of cash in commodity dealings is increasing. This not only made some administrative institutions overspend their money and resulted in a default in the payment for money-losing enterprises, but also led to the excessively rapid growth of consumption funds, the quickening of the excessive supply of bank cash, and the promotion of the overall price increase.

Specifically on these issues, Ye Liansong emphasized: First, based on the actual conditions of Hebei, we should conscientiously carry out the guidelines of the national television-telephone conference on strictly controlling the excessively rapid growth of consumption funds and strengthening cash management. Second, we should strictly control the excessively rapid growth of consumption funds. Under the situation in which the inflation and the price index have been high during this year and the upcoming two big festivals of New Year and the Spring Festival, it is more necessary to strictly control the excessively rapid growth of consumption funds. We should resolutely prevent the irregular spending of money at the end of the year; strictly control the consumption of social groups, and forbid the reckless issuance of bonuses, subsidies, material objects, and purchasing tickets under all kinds of pretexts for unreasonably increasing personal income. We should strengthen the management of social group consumption, and forbid using public money to increase consumption or for personal consumption. We should cut the number of meetings to a minimum, and not carry out those money-spending celebrations and ribbon-cutting ceremonies as well as formal but ineffective activities.

These are the important aspects at present to control the excessively rapid growth of consumption funds and the excessive supply of money. For this, the cities, districts, and counties at all levels should conscientiously organize self-inspections and the provincial government should also send inspection groups to conduct special inspections. We should exert efforts to control the increase of consumption funds within the framework of economic growth and price index. It will soon be the end of this year; therefore, the governments at all levels should do a good job in solving the difficulties in the lives of the masses, particularly the lives of the staff and workers in difficult enterprises, retired personnel, students whose families are in strained circumstances, and low-income citizens in urban areas. Third, we should realistically do a good job in grasping the "vegetable basket" project, lowering the price index, and checking inflation. We should devote great efforts to successfully grasping two aspects. The first one is the productive aspect. We should do a good job in the production of winter vegetables and nonstaple food for increasing the market supply. The second one is the circulation aspect. We should organize the source of goods by every possible means, increase the reserves for future use, and ensure that there will be no problem in the market supply during the "two festivals." Cities and prefectures at all levels must adopt measures for controlling the market price. It should be announced again here that the price index of the whole province during this year should be lower than that of the whole country by 0.5 to 1 percentage points.

Fourth, we should speed up the progress of purchasing cotton and grains. The top leaders should carry out the work of purchasing cotton and grains by themselves, take full responsibility, and ensure the comprehensive accomplishment of the task of purchasing cotton and grains by the end of this year. Fifth, the financial departments should actively support the present production, construction, and normal circulation. The most prominent current issue is the shortage of the industrial circulation funds. In line with the guidelines of the central authorities, we should support the units whose products are marketable, are efficient, and can earn money even though they are money-losing enterprises and banks. In addition, banks and various financial organizations should strengthen cash management and strictly observe disciplines on settling accounts. In strict accordance with the relevant regulations of the state, we should supervise the cash payment for wages of enterprises and institutions, and reject those who violate regulations in drawing money.

After analyzing the present situation of the consumption funds and cash management in our province, Chen Jiyuan put forward nine specific measures and demands. First, we should further unify ideology and enhance the recognition of the importance and urgency of controlling the excessively rapid growth of consumption funds. Second, we should strictly observe financial and economic discipline and resolutely forbid the reckless issuance of money and goods, and the irregular spending of

money at the end of the year. Third, we should realistically strengthen cash management. Fourth, it is necessary to strengthen the management of wage funds in line with the principle that the growth of consumption funds should be lower than the labor productivity and the growth of profits and taxes. Fifth, we should actively organize financial revenue, ensure the accomplishment of the task of the annual financial revenue task, strictly control various expenditures, and devote great efforts to reduce the consumption of social groups. Sixth, we should realistically strengthen the levy and management of the personal income tax. Seventh, we should do a good job in the construction of the "vegetable basket" project and the supply of grains, oil, eggs, milk, vegetables, and other nonstaple food in the cities and townships. Eighth, we should guarantee the supply of funds and speed up the progress of purchasing winter grains, cotton, and oil. Ninth, we should further strengthen leadership and make joint efforts to do a good job in controlling the excessively rapid growth of consumption funds and strengthening cash management.

Northeast Region

Article Urges Achievement of Economic Goals

SK1412075894 Harbin HEILONGJIANG RIBAO in Chinese 1 Dec pp 1,3

[HEILONGJIANG RIBAO commentator's article entitled: "Strengthen the Sense of Responsibility To Realize the Goal of Quadrupling the 1980 GNP as Scheduled"]

[FBIS Translated Text] The third (enlarged) plenary session of the seventh provincial party committee that closed not long ago issued an order and a call to mobilize the province as a whole to emancipate the mind, rectify ideas, positively pioneer the second battlefield, and realize the goal of quadrupling the 1980 GNP as scheduled. This key task was set forth by the provincial party committee at a crucial moment after sizing up the situation. This is the most important task that lies ahead for all the people of the province.

The question of whether our province will be able to promote its economy and quadruple its GNP, and whether the people will be able to become fairly well-off is an extremely important and solemn matter related to the overall economic, political, and social situation. This is a grim test for the party organizations at various levels, the broad masses of communist party members, and all the people of the province. We now have only seven years left to realize the goal of quadrupling GNP. We actually face many difficulties as well as dangers that hinder the realization of the quadrupling goal on schedule. If we lower our guard in this regard, serious consequences will be created. First, we will not have an explanation for the party Central Committee. Quadrupling the 1980 GNP and moving toward the goal of becoming fairly well-off are Comrade Deng Xiaoping's

great calls; important component parts of the line, principles, and policies as set forth since the third plenary session of the 11th party Central Committee and the theory on building a socialism with Chinese characteristics; and strategic tasks assigned to us by the party Central Committee. We will be unworthy of the trust and expectations that the party Central Committee has placed in us if we fail to realize the quadrupling goal on schedule. Second, we will not have an explanation for the people throughout the entire country. Quadrupling the 1980 GNP and stepping toward the target of becoming fairly well-off are common aspirations in the fundamental interest of people of all nationalities and is the major target that all people of the country are fighting for. Viewing the current situation, we can see that brethren provinces and municipalities will realize the quadrupling goal on schedule, and that some of them will realize this goal three to five years ahead of schedule, so that the country as a whole will realize the second-step development goal in 1995. Our failure to realize this goal on schedule will hold the whole country back, and will affect the implementation of the third-step strategic goal. Third, we will not have an explanation for the people of the whole province. The people in our province have traditionally waged an arduous struggle and worked hard for the prosperity of the country, and have been unwilling to be left lagging behind. With this spirit, we have created brilliant achievements and made gigantic contributions to the country. The people in our province are still unwilling to be left behind others. If our province is not able to realize this goal on schedule, the fulfillment of the goal of becoming fairly well-off will be affected, the gap between our province and other provinces and regions will be widened, and our province's strides to match the pace of the whole country toward the third-step strategic goal will be affected. Consequently, only one answer remains to this cardinal question of right or wrong. The millions of people should be of one heart and one mind, make concerted efforts, try every means possible, conquer all difficulties, do their best, and strive to realize the goals by the end of this century.

Now, the broad masses of party-member cadres and people are filled with enthusiasm and confidence in realizing the quadrupling goal on schedule. According to the overall thinking of the economic construction as defined by the provincial party committee, we should have a high sense of responsibility and positively go into action. A gratifying situation has emerged in some localities. However, we must notice that some comrades still do not fully understand this major issue of realizing the quadrupling goal on schedule and some are even despirited. This idea must urgently be surmounted.

First, we should conquer the feeling of fearing difficulties. Some comrades maintain: Our province failed to develop itself in the past although it had many good development conditions and favorable opportunities. It is fundamentally impossible for the province to register an increase of more than 9 percent of the GNP at present since we are confronted with so many serious difficulties.

Those who advocate materialism should acknowledge these difficulties in economic development which our province faces. We should, however, know that difficulty is not the main aspect for problems and that the main aspect is that we now have many advantages and favorable conditions for accelerating the pace of development.

Second, we should conquer the feeling of giving up on ourselves. Some comrades negatively maintain that Heilongjiang lags far behind the developed provinces. They think that Heilongjiang has no way of catching up with the others. So, they are pessimistic and disappointed and give up on themselves. In the final analysis, those with such ideas do not comprehensively or accurately understand the provincial situation. The reason why our province failed to make rapid development in the past was that our mind was not emancipated enough, our ideas were not accurate, and we did not turn our natural resources into economic advantages and commodity advantages. The people have now further emancipated their minds. The provincial party committee and government have worked out the economic development idea of pioneering the second battlefield. With the arduous-struggle spirit of Daqing, Iron Man, and the Great Northern Wilderness that we have inherited and carried forward, and with the urgent demand of the 36 million people of Heilongjiang for changing the backwardness of Heilongjiang, we will be able to overcome our difficulties, have no reason for being willing to be backward, and be able to create miracles. We were able to develop and build Heilongjiang under extremely bad conditions in the past. Now, we will certainly be able to accelerate the pace of economic development under strained circumstances and realize the quadrupling goal on schedule.

Third, we should eliminate the thinking of having nothing to do with ourselves. Quadrupling the GNP and striding toward the goal of becoming fairly well-off are the common causes and goals of the people of the whole province. Consequently, all the people in Heilongjiang should work hard and fight for the realization of these goals. Some comrades, particularly leading cadres, have no sense of responsibility and adopt the attitude of having nothing to do. The question of whether the quadrupling goal can be realized on schedule is related to the personal interests of the people of Heilongjiang. So, the people in Heilongjiang should take these duties upon themselves, positively dedicate themselves to this great cause, and bring their wisdom and intelligence into play. Only by so doing will the quadrupling goal be achieved with the efforts of hundreds of millions of people. Each and every leading cadre assumes a heavy responsibility in realizing this great goal. The leading cadres have the responsibility to seek wealth for the areas they belong to during their terms of office. This should be regarded as an important standard for judging the leading cadres' achievements. When each and every locality and each and every department realizes its quadrupling goal, only then will the province be able to realize one of its own. Each and every locality and each and every department occupies a decisive role in the overall situation of the

province. Leading cadres at various levels should clearly understand their own duties and the heavy tasks they take on, and should wholeheartedly guide their localities and departments to achieve the quadrupling goal and the goal of becoming fairly well-off.

Responsibility is a gigantic source of motive power. With responsibility, the people will produce forces, will be inspired with enthusiasm, will have the courage to tide over difficulties, and will have the determination to press forward. In the past, we changed the Great Northern Wilderness' wildness into a warehouse; the Great Wilderness into a great oil field; and a poverty-stricken and backward northern frontier into the country's major petroleum, timber, coal, and commodity grain production base merely because we have tens of millions of pioneers and constructors with a high sense of responsibility and dedication. With the same conditions and in the same province, some localities made rapid development and some made slow development. When other factors are deducted, the high sense of responsibility of the masses, particularly leading cadres, is an important factor judging the development of the localities. Therefore, on the one hand we should emancipate the mind, straighten out ideas, and positively pioneer the second battlefield in the course of striding forward toward the goal of becoming fairly well-off; on the other hand, we should help the people of the province, as well as leading cadres at various levels, to enhance their sense of responsibility, should have the people be dedicated to the realization of the quadrupling goal and the goal of becoming fairly well-off, and should fight for the realization of these great goals.

The most important factor in enhancing the sense of responsibility is to think of real methods and do concrete deeds. The broad masses of cadres should regard the development of the economy as their unshirkable duty; should carry forward the spirits of Daqing, the Iron Man, and the Great Northern Wilderness; should wage an arduous struggle; should quietly immerse themselves in hard work; should set an example; and should solidly dedicate themselves to the realization of the quadrupling goal. Leading cadres at various levels should clearly understand their heavy duties, should actually assume responsibilities, should dedicate themselves to quadrupling the GNP, should go deep to the grassroots, and should do more concrete deeds. So long as people from higher levels downward across the province have a strong sense of responsibility and make unswerving efforts, then the goals will certainly be achieved as scheduled.

Northwest Region

Qinghai Meeting Relays Economic Instructions

HK1412065994 Xining Qinghai People's Radio Network in Mandarin 2300 GMT 8 Dec 94

[FBIS Translated Text] The provincial party committee yesterday held a monthly meeting to relay the instructions of the central economic work meeting. Yin Kesheng, secretary of the provincial party committee, presided over the meeting. Tian Chengping, deputy

secretary of the provincial party committee and governor, relayed the instructions from the following six aspects: The present situation, guidelines for and doing a good job in next year's economic work, several questions to be correctly understood, the main aspects of next year's economic work, the main tasks in next year's economic structural reform, and strengthening party leadership and improving work style.

At the meeting Yin Kesheng stressed: We must clearly understand the situation, remain sober minded, unify our thoughts and actions on the basis of the instructions of the Third and Fourth Plenary Sessions of the 14th CPC Central Committee and the central economic work meeting, be bold at carrying out propaganda and education, conscientiously sum up experiences and lessons in work, and resolve problems in work.

Yin Kesheng said: The current economic situation is very good and serves as a foundation for faster development. In addition, in the course of development, there are also some problems. Some of these problems are inevitable, others are problems of understanding, and still others are problems arising in work. To resolve these problems, leading cadres at all levels must maintain a high degree of unanimity with the party Central Committee. They must bring about economic invigoration throughout the province.

In conclusion, Yin Kesheng demanded: All government departments and the Xining authorities must make efforts to resolve the supply of commodities during the New Year and Spring Festival to ensure that the people throughout the province will spend the holidays happily.

Shaanxi Bridge Project Ahead of Schedule

OW1312061294 Beijing XINHUA in English 0539
GMT 13 Dec 94

[FBIS Transcribed Text] Xian, December 13 (XINHUA)—Steel beams for the construction of a big dual-track railway bridge across the Yellow River at Sunkou have been manufactured by the Baoji Bridge Factory under the Ministry of Railways in northwest China's Shaanxi Province.

According to officials at the factory, the completion of the task is more than a month ahead of the scheduled time.

The Yellow River bridge at Sunkou will be the longest on the Beijing-Shenzhen (and eventually Kowloon) Railway Line, which has been listed as a key state construction project during the Eighth Five-Year-Plan period (1991-95) and is now undergoing all-out construction.

The steel beams, with a total weight of more than 12,900 tons, were built with special quality rolled steel imported from Japan and the Republic of Korea.

Prosperity of Xinjiang Market Described

OW1212095194 Beijing XINHUA in English 0850
GMT 12 Dec 94

[FBIS Transcribed Text] Urumqi, December 12 (XINHUA)—Businessmen and visitors to northeast China's

Xinjiang Uygur Autonomous Region can never resist the temptation of joining the bustling crowds at the Central Asia International Trade Market on the banks of the Tuman River in Kashi.

At the bazaar, which has more than 10,000 stalls, the fragrant smells of kebabs, and fresh and dried fruit fill the air, while products reflecting the folk customs of the Uygur Nationality are piled up everywhere.

The birthplace of China's Uygur Nationality, Kashi, situated in the southwestern part of the Tarim Basin, used to be on the ancient "Silk Road", which served as an important channel for China to carry out trade and cultural exchanges with Europe and the Middle East in ancient times.

According to local officials, the bazaar, covering an area of 27 ha and with 23 specialized markets, was built with money raised by different cities and counties in Kashi Prefecture.

At present, the bazaar, with a full collection of practical general merchandise and clothes from the interior areas of China, jewelry from the Arab countries and commodities from Russia, receives an average of 50,000 to 60,000 customers a day. The daily volume of business at the bazaar is worth about 300,000 yuan, said the officials.

The market is just one of the many trading markets Kashi Prefecture has built over the past few years.

According to Liu Kasheng, director of the Kashi Prefectural Bureau of Industry and Commerce, the prefecture, with a population of 3.02 million and 12 counties and cities under it, has built more than 230 bazaars of various kinds, with over 50,000 employees.

The director attributed the brisk business at these markets to the fact that the prefecture has many advantages for commercial activities.

The prefecture borders Pakistan, Afghanistan, India, Kyrgyzstan and Tajikistan. It has two state trading outlets at Hongqilafu and Tuerqate, respectively, which were set up after the central government decided to open its border areas in 1992.

Local residents of Uygur Nationality have begun to depend on information from bazaars to direct their production and business activities, and to co-operate with each other in a bid to build a new "Silk Road" of prosperity.

In the meantime, the prefectural government has also adopted measures to arouse the enthusiasm of local residents of Uygur Nationality to engage in business and encourage them to carry out exploitation of local resources, improve the industrial structure and attract overseas investment and sophisticated technology via bazaars over the past two years.

A commercial center focusing on garments, shoes and caps and handicrafts with Uygur designs has also been formed in front of the Aitigaer Mosque in the downtown area of Kashi.

Osman Ahmadhaji has opened a silk shop there. He talks over a newly-installed computer-controlled telephone line to agents stationed in major cities in interior areas to apprise them of the business situation.

At present, more than 1,500 households in Kashi have installed telephone lines for the convenience of business, and some traders have equipped themselves with cellular phones.

Osman Ahmadhaji sells 7,000 meters of silk a year and earns big money because he gets information quickly.

The establishment of more bazars has also promoted the development of the processing of products native to the Uygur Nationality, including daggers and traditional-style caps.

Xiaodao Village in Mangxin Township, Yingjisha County, is famous for producing quality Uygur daggers. Sales of daggers are climbing nowadays as more tourists are flocking to Kashi Prefecture. Men of 180 households in the village earn a living by making daggers, while the women do the farm work. Many colorful bazars have been built for the marketing of daggers in the village.

Last year the village produced 200,000 daggers, creating more than one million yuan in output value. The per capita income of the village surpassed 1,000 yuan and many villagers have built their new houses.

Gubernatorial, Mayoral Elections Viewed*OW1212133794 Beijing Central People's Radio in Mandarin to Taiwan 2200 GMT 10 Dec 94*

[Commentary by station editor Yu Qing; from the "News and Current Events" program]

[FBIS Translated Text] The results of Taiwan's fervent gubernatorial and mayoral elections have been published. Kuomintang candidate Song Chuyu [Sung Chuyu] was elected Taiwan governor, Chen Shuibian [Chen Shui-pien], candidate of the Democratic Progressive Party [DPP], was elected Taipei [Taipei] mayor, and Kuomintang candidate Wu Dungyi [Wu Tun-i] was elected Gaoxiang [Kaohsiung] mayor. Candidates of the New Party lost in the gubernatorial and mayoral elections, but they won almost one-third of the seats in the Taipei municipal council. None of them are real losers. Although the Kuomintang won the most important elections, the Taiwan gubernatorial elections, it was defeated in Taipei mayoral elections and in some provincial and municipal council elections. Generally speaking, it only won by a narrow margin. The victory of the DPP candidate Chen Shuibian in the Taipei mayoral elections showed that the DPP has grown stronger in the course of vying with the Kuomintang for [words indistinct]. We cannot underestimate it any longer. The New Party, a year-old renegade group from the Kuomintang, has demonstrated the energy of a new party in the elections. Although its foundation is not solid enough, its energy and youthful vigor will compensate for what it lacks. A triparty political system has been established in Taiwan.

During the last stage of fierce election campaigns, instead of whining that "Taiwanese are miserable," the attitude he portrayed while speaking with Shiba Ryotaro, Li Denghui [Li Teng-hui] suddenly changed his stand and said he was opposed to Taiwan independence and added emphatically: We are all Taiwanese and I support the unification of the motherland. After the DPP called for withdrawing troops from Jinmen [Kinmen] and Mazu [Matsu], it was criticized immediately. DPP candidates no longer mentioned Taiwan independence in their election campaigns. This showed that the idea of Taiwan independence is unpopular among Taiwan people and can only cause social chaos and create crises. Most Taiwan people are not willing to see a worsening of cross-strait relations. Rational voters cast their ballots for parties which are capable of dealing with cross-strait relations. During the election campaigns, although debates between so-called "quick independence" and "quick reunification" were fierce, the future ruling party will not dare to risk to bring up such issues.

Analysts on the island held that the results of the elections demonstrated the voters' desire to maintain the status quo. Chen Shuibian's being elected Taipei mayor will have some inhibiting impact on the radical DPP

members who support Taiwan independence. During election campaigns, he did not publicly advocate Taiwan independence. Instead, his victory resulted from voters' deep hatred toward the Kuomintang's corruption, and they placed high hopes on the DPP, a party with a clean image. People who resent the Kuomintang administration probably voted for the DPP because they wanted to try something new. The Kuomintang's disastrous defeat in the Taipei mayoral elections showed that Taipei citizens are hoping for a better government. We cannot say that Chen Shuibian's being elected Taipei mayor means that voters agree with the DPP's Taiwan independence policy. The DPP's statement on Taiwan independence, which excludes Taiwan from the Chinese people, goes against the will of the people. Rational masses will never agree to Taiwan independence.

The emergence of the New Party changed the situation in which only the Kuomintang and the DPP were rivals. The New Party came from the Kuomintang and is quite influential among veterans, soldiers and their families, and some commercial and industrial groups. Some people who used to support the Kuomintang have turned to the New Party. It was not easy for New Party's Taipei mayoral candidate Zhao Shaokang [Chao Shao-kang] to win 30.17 percent of votes in the elections, surpassing Kuomintang candidate Huang Dazhou's [Huang Tachou] 25.89 percent. If the New Party had not have participated in the elections, the DPP would probably have lost. The New Party has become a thorn in the Kuomintang's flesh. Following the changes in the current situation, the Kuomintang and the DPP will no longer be Taiwan's only major political parties.

Residents Increase Investment in Yan'an*OW1312063394 Beijing XINHUA in English 0533 GMT 13 Dec 94*

[FBIS Transcribed Text] Xian, December 13 (XINHUA)—Natives of Yan'an now living in Taiwan Province are pouring more investment into their hometown in recent years.

According to local statistics, an average of 500 Taiwan residents have returned to Yan'an for sight-seeing and investment in each of the past few years.

So far, four joint ventures built with investment from Taiwan have either gone into operation or started construction in this mountainous area.

Major projects include construction of a residential building which is now up for sale and a recreational center with an investment of 330,000 yuan.

Meanwhile, negotiations are under way on projects for oilfield development and construction of a coal washing plant, a chemical plant, a porcelain workshop and a floss-cutting plant.

Hong Kong

Qian Qichen Discusses Panel Proposals

OW0912130994 Beijing XINHUA Domestic Service in Chinese 0947 GMT 8 Dec 94

[By reporters Duanmu Laidi (4551 2606 0171 1229) and Fang Jin (2455 3866)]

[FBIS Translated Text] Beijing, 8 Dec (XINHUA)—The Fourth Plenary Session of the Preliminary Working Committee [PWC] of the Hong Kong Special Administrative Region [SAR] Preparatory Committee opened today. Addressing the meeting, Qian Qichen, vice premier of the State Council and chairman of the PWC, pointed out: After various PWC panels studied some issues related to Hong Kong's smooth transition, written proposals or plans gradually evolved. They formed a framework for preparation for organizing the future Hong Kong SAR.

Qian Qichen said: The topics under PWC discussion were quite extensive. They touched on the establishment of the SAR government as well as various aspects of Hong Kong's economy and its people's livelihood. The government affairs panel forwarded proposals or plans in writing on the establishment of a preparatory committee for the Hong Kong SAR, the preparation for organizing the first Hong Kong SAR Government, and the establishment of an interim Hong Kong SAR Legislative Council; the economic panel made a suggestion on the transfer of land funds and their management after 1997; the cultural panel made written suggestions on transitional arrangements for titles, emblems, banners, and seals of Hong Kong mass organizations, public holidays in Hong Kong after 1997, titles of honor, and stamps; and a written proposal forwarded by the social and security panel touched upon travel to Hong Kong to take up residence there by children born in the mainland of Chinese citizens who are Hong Kong SAR permanent residents, the issue of permanent residence in Hong Kong, and permanent residence for emigrants returning to Hong Kong. In addition, the economic panel also laid special emphasis on studying an associated exchange rate system that will have an important bearing on Hong Kong's banking, guaranteed support for retirees and the Hong Kong British Government-introduced "plan of pensions for aged retirees" that have a close bearing on the people's livelihood in Hong Kong, economic relations and trade between Hong Kong and the mainland after 1997, Hong Kong's land and housing policy, Hong Kong British Government measures on curbing house prices, and the coordination between Hong Kong and the mainland on large capital construction projects; while the law panel focused discussions on relevant legal issues, such as procedures for handling laws originally in force in Hong Kong and the establishment of an interim Legislative Council.

He said: The studies and consultations conducted by the study groups under various panels played a positive role

in promoting PWC work. A public servant affairs study group and election affairs study group were also established in the last six months.

Qian Qichen pointed out: These achievements were a result of collective wisdom and efforts on the part of all [PWC] members and personalities of various circles participating in the study of all issues. Though only suggestions were made on the various issues under discussion by the PWC, people can see they have formed a framework for the preparation for organizing the future Hong Kong SAR's organization.

'Full Text' of Qian Speech to PWC

HK1412004094 Hong Kong WEN WEI PO in Chinese 11 Dec 94 p A7

[Report: "Full Text of Qian Qichen's Speech at PWC Closing Session"]

[FBIS Translated Text] The following is the closing speech by Qian Qichen, chairman of the Preliminary Work Committee [PWC] of the Preparatory Committee for the Hong Kong Special Administrative Region [SAR], to the Fourth Plenary Session of the PWC (10 December 1994): Dear PWC members:

After three days of intensive work, the Fourth Plenary Session of the PWC has fulfilled the predetermined duties, and must lower its curtain today.

The session this time has listened to and discussed the reports on work done by various subgroups since the Third Plenary Session and concentrated on deliberating the 11 proposals and plans raised by the various subgroups. Members have offered many good ideas on the issues involved in those proposals and plans. The meeting of the chairmen of the subgroups thought that the PWC's various tasks are thoroughly under way and have scored some important results.

Judged from the 11 proposals and plans made to this session, they accord with the guiding thought we raised at the Third Plenary Session—"basing ourselves on the Basic Law and on Hong Kong's actual conditions, and considering things from the overall situation which is conducive to realizing Hong Kong's smooth transition, maintaining Hong Kong's long-term stability and prosperity, and safeguarding Hong Kong people's interests."

The political subgroup proposed the "Concrete Plan of Founding the Preparatory Committee for the Hong Kong SAR," which suggested that the Preparatory Committee should come into existence in January 1996 and end its operations when the first Hong Kong SAR Government, Legislative Council, and judicial organs are all formed; and that the number of Hong Kong members should account for more than 50 percent of the numbers on the Preparatory Committee. The subgroup also raised a proposal on the domain of duties and powers of the Preparatory Committee. All these ideas are proposed in response to the actual need to found the

Hong Kong SAR, and they embody the spirit of preparing for participation by Hong Kong people and realizing "Hong Kong people running Hong Kong" after 1997. The proposal on organizing the first Hong Kong SAR Government involves many areas, such as the method to form the committee for nominating members of the first government, the method to nominate candidates for chief executive, the structure and organization of the first government, the establishment of an advisory body, and preparation for organizing the executive council; this proposal has already basically outlined the profile of the first government. The proposal on establishing the provisional legislature will fill the vacuum at the time of the establishment of the SAR, a vacuum which was created by the British side's move to undermine the "through train" arrangement. The legal subgroup proposed a systematic method for handling the original laws in Hong Kong, that is, to provide protection to the founding and operation of the Hong Kong SAR in terms of law. These proposals closely surround a center, that is, to make preparations for a smooth founding and normal operation of the Hong Kong SAR, and they accord with the Basic Law and the relevant provision of the National People's Congress. Therefore, all these proposals won the approval of the members at the session.

The economic subgroup made a special effort to study the maintenance of the pegged exchange rate system, the pension system in Hong Kong, the economic and trade ties between Hong Kong and the mainland after 1997, Hong Kong's land and housing issues, coordination of large-scale infrastructure projects between Hong Kong and the mainland, and the issue of transfer and management of the Land Fund. This involves Hong Kong's economic development after 1997 and is closely related to the immediate interests of Hong Kong people.

The cultural subgroup put forward proposals on naming Hong Kong's public organs, insignias, flags, and seals; Hong Kong public holidays and honorable titles after 1997; and interim arrangements for Hong Kong stamps. The social security subgroup raised questions on the right of abode in Hong Kong for mainland-born children of permanent Chinese residents in Hong Kong, on viewing Hong Kong as a place of permanent residence, and on permanent resident status for emigrants returned from overseas, involving many aspects of Hong Kong's social life. The proposals made by the subgroups fully considered Hong Kong's actual condition and the lifestyle habits of its residents, taking into account the interests and demands of various quarters in Hong Kong.

When President Jiang Zemin received all the PWC members during the third plenary session of the PWC, he pointed out that we should establish our footing on relying on our own efforts and insist on achieving Hong Kong's smooth transition by upholding the principle of keeping the initiative in our own hands. I mentioned in my closing speech to the Third Plenary Session that

establishing our footing on relying on our own efforts includes two areas, that is, support from the people in the motherland and participation by the broad masses of people in Hong Kong. Speaking in a broad sense, support from the people in the motherland means having a country which is politically stable, undergoing reform and opening up, and becoming strong and prosperous day after day, to back us up, just as Comrade Deng Xiaoping said that China's success in the talks on Hong Kong's future is "mainly because our country has developed in recent years, has become a prosperous and developed country, a country with strength, and a country that is trustworthy." Speaking in concrete terms, this kind of support is embodied through the main principle of "one country, two systems," as well as various concrete policies and principles under its guidance. We all know that the concept of "one country, two systems" was proposed when the question on Hong Kong's future was considered in relation to our country's long-term development strategy. This year marks the 10th anniversary of the signing of the Sino-British Joint Declaration concerning the Hong Kong issue. Deng Xiaoping said when talking to Margaret Thatcher 10 years ago: "If we should say that we must practice the open-door policy in this century, then in the first 50 years of the next century, China must come close to the standard of a developed country and China cannot do without this policy. Maintaining Hong Kong's prosperity and stability accords with China's immediate interests. Therefore when we say '50 years,' we do not say it randomly or out of emotion, we say it out of consideration of China's reality and need for development." He added: "If the open-door policy remains unchanged in the first 50 years of the next century, then in the latter 50 years, our economic interactions with the international community will become even more frequent, interdependent, and inseparable, and the open-door policy will become even less likely to change." Over the past 10 years, our country's eye-catching developments, and Hong Kong's developments after it entered the transition period, let us see clearly the extensive appealing power and the great vitality of all the policies drawn up on the basis of the "one country, two systems" principle. They let us become increasingly aware that Hong Kong's future is closely tied with the motherland's future and destiny. When the country is prosperous, the nation is prosperous, and Hong Kong will certainly be prosperous.

As for participation by the broad masses of people in Hong Kong, precisely because the central authorities' strategic decision represents the long-term interests of all the Chinese people, including the compatriots in Hong Kong, and because it expresses the people's aspirations and requests, a huge army which loves the country and Hong Kong will gather under the banners of "one country, two systems" and the Basic Law, to fight for Hong Kong's bright future and our nation's rejuvenation. Loving the country and loving Hong Kong do not contradict one another. They are completely identical. The "one country, two systems" cause is a great cause

that the people in the whole country, including the broad masses of compatriots in Hong Kong, are striving to accomplish.

When formulating various policies and principles toward Hong Kong, Comrade Deng Xiaoping personally took part in investigations and research and one of the issues he was most concerned about was how to enable Hong Kong people to participate in the management of Hong Kong affairs in various areas as soon as possible. Through practice, a large number of Hong Kong people who love the country and love Hong Kong, and have talents in various aspects, will emerge to shoulder the important duty of administering the SAR after 1997. He once said: "In the six or seven years during the latter half of the transition period, a number of young and capable persons should be recommended by various trades for participation in the running of the Hong Kong Government, even including the financial area. Not participating is not okay and by not participating, one cannot familiarize oneself with the situation. In the course of participation, opportunities will arise for us to discover and select the capable persons who will administer Hong Kong after 1997. One condition will suffice for participation, that is, one must love the country and that means loving the motherland and loving Hong Kong." The organization of the Basic Law Drafting Committee, appointing of the Hong Kong affairs advisers and district affairs advisers, and the PWC's establishment have all been for the purpose of making the Hong Kong people participate in the concrete practice of establishing the Hong Kong SAR and for realizing a high degree of autonomy and "Hong Kong people running Hong Kong" after 1997. All the questions being studied by the PWC, including questions concerning the establishment of government, economic affairs, cultural affairs, and people's livelihood matters, are questions that must be considered before establishing the SAR and achieving a smooth transition, as well as questions that the Hong Kong people are very much concerned about and imperatively want to have the answers thereto. When studying these questions, we always adhere to the principle of working for the Hong Kong people and relying on them and take various actions to enhance the depth and scale of the Hong Kong people's participation. After acquiring some preliminary views on matters, we promptly return to the midst of Hong Kong people to solicit their opinions. We are doing things this way so that all our concrete plans have a solid mass foundation, are understood by the Hong Kong people, and are easy to implement in the future.

Some people might be worried about the various preparations being undertaken by the PWC and some might even sow confusion by attacking us and saying that we are intervening in Hong Kong's high degree of autonomy. Deng Xiaoping once talked about the issue of intervention. To this we should answer with perfect assurance: Just as we should not be totally opposed to participation, we should not totally oppose intervention.

Which approach to adopt depends on whether the interests of Hong Kong people and Hong Kong's prosperity and stability are served or undermined. "Hong Kong governed by Hong Kong people" remains unchanged. The people to govern Hong Kong will be elected by Hong Kong people and appointed by the central government, not people dispatched to Hong Kong by Beijing. Therefore, this is not a question of Beijing's participation but participation by Hong Kong people. The central government supports participation by Hong Kong people.

In sum, when we say upholding the principle of focusing on our own priorities, relying on our strength, and achieving a smooth transition for Hong Kong, we mean integrating the participation of Hong Kong people with the basic national policy of "one country, two systems," the provisions of the Basic Law, and relevant resolutions adopted by the National People's Congress. In this way, we will be immune to external intervention at all times and under all circumstances and we can complete the historic mission of restoring sovereignty over Hong Kong and establishing a special administrative region firmly according to set our objectives and timetable.

There is one thing I would like to emphasize. Upholding the principle of focusing on our own priorities and relying on our strength as our basic stance does not at all imply that we are refusing Britain's cooperation. On the contrary, we welcome cooperation. The cooperation we welcome is genuine cooperation based on the Joint Declaration and the track of the Basic Law. Only such cooperation is constructive. We had this kind of cooperation with Britain before. However, there are always some people who are unwilling or not reconciled to cooperate; always there are some destabilizing or chaotic factors. These factors may come from within Hong Kong, or may come from certain international forces. We must sharpen our vigilance over this. Recently Britain has said something about hoping—and has also done something—for cooperation. It is always better to have done a little bit than not doing anything at all. We hope that British policymakers can look further ahead, cooperate with China sincerely on the problem of Hong Kong, and create a favorable environment for Hong Kong's long-term stability and prosperity. This helps push forward Sino-British relations.

Qian on GATT, Future

OW1412024694 Beijing China Radio International in Mandarin to Asia 0900 GMT 13 Dec 94

[Announcer-read report from the "Report on Current Events" program]

[FBIS Translated Text] Listeners and friends: Qian Qichen, vice premier of the Chinese State Council and foreign minister, met a delegation from foreign chambers of commerce in Hong Kong on the afternoon of 12 December at the Diaoyutai State Guesthouse. The delegation was composed of Hong Kong-based representatives from the chambers of commerce of 14 countries

and regions: Britain, New Zealand, Australia, India, Germany, Switzerland, Austria, Belgium, Canada, Japan, the Netherlands, the ROK, France, and Hong Kong. He also fielded their questions. Here is a detailed report filed by station reporter Fan Hansheng:

Qian Qichen said: The Sino-British Joint Liaison Group [JLG] has held talks continuously. The central authorities' general principle is that Hong Kong's current way of life will not change significantly. After 1997, Hong Kong will retain its system and will be an independent customs territory. A delegation member asked: Talks on China's reentry into GATT have been going on for a long time. I hope you will brief us on current progress in the talks on China's reentry into GATT. Qian Qichen said: Talks on China's reentry into GATT, which have been going on for an extended period of time, have now entered the stage of drawing up the final protocol. The Chinese Government has clearly stated its position that, it hopes to conclude the talks by 31 December 1994. If that is the case, the discussion and revision of the protocol can go forward. The Chinese delegation is now holding negotiations with Japan, the European Union, and the United States in Geneva in connection with the remaining issues on tariff reductions and concessions. If these negotiations proceed quite smoothly, a meeting on finalizing the protocol will be held by year's end. If the protocol cannot be drawn up by 31 December but the basic talks are completed by then, we can say that we have made progress.

A delegation member asked what effects the Hong Kong Special Administrative Region [HKSAR] in 1997 would have on Hong Kong's business environment. Qian Qichen said: As the Chinese Government is aware of Hong Kong's uniqueness, the current business environment will be maintained when the HKSAR Government begins exercising sovereignty after 1997. Hong Kong's way of life, economic system, and operational mode will not change. Simply put, all of Hong Kong's current business activities can be conducted in their present forms. I believe that the number of investors in Hong Kong will increase substantially after 1997. Qian Qichen emphasized: Hong Kong will not increase taxes after 1997, and the central government will not take even a cent from Hong Kong.

A delegation member asked whether Shanghai would replace Hong Kong following its development. Qian Qichen said: Although Shanghai's economic status was more important than that of Hong Kong 50 years ago, the latter subsequently caught up. Judging by the evolving situation, Shanghai's economic status will be elevated even more in the future. I do not think that the elevation of a region's economic status means the replacement of another region. I believe more than one economic center like Shanghai and Hong Kong will appear in China in the not-so-distant future.

On whether the exchange rates that the pegged the Hong Kong dollar to the U.S. dollar will change after 1997,

Qian Qichen said: Practice points to good results in this respect since 1983, when China began introducing exchange rates that pegged the Hong Kong dollar to the U.S. dollar. The exchange rates will continue after 1997.

Reportage of Lu Ping Remarks on Transition Issues

Land Fund Transfer Date Set

HK1312145194 Beijing ZHONGGUO XINWEN SHE
in Chinese 1319 GMT 10 Dec 94

[By reporters Gan Zhebin (3927 0772 2430), You Xiayin (3266 1115 5419) and Dong Huifeng (5516 2585 1496)]

[FBIS Translated Text] Beijing, 10 Dec (ZHONGGUO XINWEN SHE)—Lu Ping, director of the State Council's Hong Kong and Macao Affairs Office and vice chairman and secretary general of the Preliminary Working Committee [PWC] for the Preparatory Committee of the Hong Kong Special Administrative Region [SAR], today said that on 1 July 1997, the Chinese side will deliver the whole amount of the Hong Kong Land Fund to the SAR Government and will not keep the fund even one more day.

Lu Ping said this at the news briefing after the end of the Fourth Plenary Session of the PWC.

He said: The Land Fund will be transferred to the SAR Government precisely on 1 July 1997, and this is the hope of the Chinese side. The PWC economic affairs group also discussed the issue according to this principle. In Hong Kong, some people are worried that in the Land Fund Trust Statement, which was endorsed by both the Chinese Government and the British Government, a provision stipulates that the three Chinese representatives on the Land Committee may continue to be the trustee of the Land Fund for a period of less than nine months after 1 July 1997. Even so, in order to remove the misgivings of some people in Hong Kong, the Chinese side is not willing to be such a trustee and does not want to take care of the fund even one more day after 1 July 1997.

Lu Ping said: The Chinese side will certainly work out a method of transferring the Land Fund to the hands of the SAR Government on 1 July 1997. Now, the questions are: How to effect the transfer? Who in the SAR Government is to take over the fund? How to manage the fund after the transfer? The PWC economic affairs group is now discussing these questions, and the Chinese side is only concerned about these points. There may have been certain misunderstandings on this issue in the past.

Lu Assigns Subgroup Tasks

HK1312145594 Beijing XINHUA Hong Kong Service in Chinese 1414 GMT 10 Dec 94

[FBIS Translated Text] Beijing, 10 Dec (XINHUA)—In his report to the Fourth Plenary Session of the Preliminary Working Committee [PWC] for the Preparatory

Committee of the Hong Kong Special Administrative Region [SAR] this afternoon, Lu Ping, deputy director and secretary general of the PWC, assigned tasks to the political affairs subgroup for the first half of 1995.

Lu Ping said: In the first half of next year, the political affairs subgroup should further study the issues, including the establishment of the provisional legislature, the formation of the Preparatory Committee of the Hong Kong SAR, the formation of the selection committee for the first Hong Kong SAR Government, and the formation of legal organizations and consulting organizations of the first SAR government. The subgroup should also study ways to deal with the absence of regional organizations because of the inability to form the first regional organizations immediately after 1 July 1997, as well as issues including the formation of judicial organs and the Court of Final Appeal of the Hong Kong SAR, the stability of the civil service and its system, the relationship between the Executive and Legislative Councils, and so on.

Lu said: The political affairs subgroup has discussed every subject that has been included in its work plan, and has formed views in principle. The ensuing task is to work out some measures in detail. With regard to the establishment of a provisional legislature, judging from the opinions aired by the committee members in their discussions during the current meeting and from the reactions of various social sectors in Hong Kong, people universally think it a real necessity to establish a provisional legislature. Hence, they favor setting up such an organization, feeling that it conforms to the provisions of the Basic Law and the relevant decisions of the National People's Congress [NPC]. What need to be further considered are primarily the functions and powers of the provisional legislature and, in particular, the appropriate stipulations on its legislative power. In addition, there are concrete issues, including the suitable term of office for the provisional legislature, the specific mode and procedures for the establishment of the legislature, and so on, which the political affairs subgroup should carefully study after extensively soliciting and collecting the opinions of the Hong Kong people.

Regarding the issues of how the preparatory committee will operate after its founding, how organizations will be set up, how the committee will coordinate with the elected leading body of the future government, how this leading body will perform its work, and so on, they should be studied so that proposals can be put forward to the preparatory committee for deliberation.

Lu Ping added: The political affairs subgroup should further concretize such issues as the procedures for forming regional organizations, their functions and powers, and so on, according to the decision made by the NPC Standing Committee on 31 August this year, on the basis of the principled proposals put forward previously.

Regarding the stability of the civil service and its system, the panel studying civil service affairs is conducting

special research on this issue. He hoped that the political affairs subgroup would make proposals that relatively comprehensively reflect the views of the Hong Kong civil service and social personalities on the basis of the above-mentioned research.

He concluded: While further studying the relationship between the Executive and Legislative Councils, the political affairs subgroup should put forth countermeasures in light of the changes to policies and laws made by the British Hong Kong Government during the transition period, which have violated the principle of an executive-led structure. In addition, it should also study the issues regarding the formation of judicial organs and the Court of Final Appeal in the Hong Kong SAR.

Answers Questions on Transition

HK1412003894 Hong Kong WEN WEI PO in Chinese
11 Dec 94 p A2

[By "WEN WEI PO news team": "Lu Ping Answers Reporters' Questions"]

[FBIS Translated Excerpt] Beijing, 10 Dec (WEN WEI PO)—At today's news briefing, Lu Ping, vice chairman and secretary general of the Preliminary Working Committee [PWC], answered questions raised by reporters. Excerpts of the questions and answers follow. [passage omitted]

Question: The policy address given by Hong Kong Governor Chris Patten in October explicitly expressed the willingness of the Hong Kong Government to cooperate with the preparatory committee and the elected chief executive of the Special Administrative Region [SAR]. The relevant issues were also discussed by the Chinese and British foreign ministers at their meeting. So, what working relationship will there be between the preparatory committee to be set up in the future and the Hong Kong Government? Can civil servants in the Hong Kong Government participate in the work of the preparatory committee?

Answer: We welcome the attitude expressed by the British side. We want to discuss these issues concretely with the British side through diplomatic channels, including the Sino-British Joint Liaison Group and other channels, and will see in what ways the British side can offer their cooperation. However, there is only an expression of attitude on this issue, and concrete cooperation has yet to be discussed. In our view, if the British side really wants to cooperate with the preparatory committee, why doesn't it now adopt a cooperative attitude toward the PWC, and why does it still maintain the stance of rejecting the PWC? We cannot understand this. The PWC is in fact a preliminary working organ of the preparatory committee. We cannot understand why the British side maintains the stance of rejecting the PWC and not cooperating with it. [passage omitted]

Question: If the British side set up the Court of Final Appeal in accordance with the 1991 accord, will the

Chinese side guarantee that the judges will remain in place after the handover in 1997? On the other hand, the Bar Association of Hong Kong recently issued a statement, saying that if the Court of Final Appeal is set up according to the 1991 accord, then it will just be a third-class court of final appeal. The barristers also called for paying attention to the law on human rights. Can you comment on this?

Answer: What is a third-class court? If it is a third-class court of final appeal, it should not be set up. Why set up a third-class court? If the court is set up, it should be a first-class one. Otherwise, it should not be set up. What is called third-class? We hope that the Court of Final Appeal will really be a first-class court.

As for how to arrange the continuing service of the judges, according to the relevant provisions of the Basic Law, the judges in the Court of Final Appeal, including the chief judge, will be appointed by the chief executive after the chief executive wins the endorsement of the Legislative Council on the basis of the recommendation of an independent commission. After 1997, the judges in the Court of Final Appeal will be appointed according to such procedures specified by the Basic Law. Therefore, it will be the business of the SAR Government to decide how to appoint the judges in the Court of Final Appeal and how to arrange their continuing service after the handover. [passage omitted]

Question: You said that there will be no limitations on the power of the SAR interim legislative council, but if a disastrous situation occurs after the founding of the SAR, what can the SAR Government do to deal with such a situation?

Answer: According to the Basic Law, if Hong Kong is afflicted by a serious natural disaster or is plagued by social turmoil beyond the control of the SAR Government, at the request of the SAR Government and with the approval of the central government, the armed forces stationed in Hong Kong can help maintain law and order and participate in rescue action. This should be first requested by Hong Kong; and the troops stationed in Hong Kong will not take the initiative to act. As for who is to make the request, what formalities are to be gone through, who is to give approval, and in what situations the troops are to be called in, this will be considered by the PWC social and security affairs group as a major subject in the second half of next year, and the group will work out its proposals.

Question: According to sources on the British side, the 1991 accord on the Court of Final Appeal included the point that if the Court of Final Appeal is set up before 1997, the judges in the court should be able to remain in place after the handover. Is this true?

Answer: I have just talked about this issue. The issue of arranging the continuing service of the judges in the Court of Final Appeal will be the business of the SAR Government, because the Basic Law does not concretely

specify the transition of the judicial organs. Such things will be decided by the SAR Government in the future.

Question: On the question of whether the establishment of the interim legislative council should be based on supplementary legislation of the National People's Congress [NPC], it seems that there are two different opinions within the PWC. What is the opinion of the Chinese authorities? On the other hand, is it necessary to have the laws enacted by the interim legislative council reconfirmed by the formal legislative council?

Answer: The first question should be considered by the NPC, because this is within the jurisdiction of the NPC. If the NPC finds it necessary to pass certain formalities, then it will make that decision. The PWC is only a working organ subordinate to the NPC Standing Committee, so I cannot answer this question here. It should be answered by the NPC.

As for the second question, some PWC members also expressed the same opinion at this plenary session, and we have passed their opinion to the political affairs group for further consideration.

Thank you.

Lu on Abode Issue

HK1412003994 Hong Kong HSIN PAO in Chinese 13 Dec 94 p 8

[Report by Chen Pi-chun (7115 4310 0689) from Beijing: "Lu Ping Says Those Who Return to Hong Kong Before 1997 Can Be Regarded as Permanent Residents"]

[FBIS Translated Text] Lu Ping, director of the State Council's Hong Kong and Macao Affairs Office, told a visiting delegation of Hong Kong International Chamber of Commerce that Hong Kong citizens residing abroad who return to Hong Kong before 1 July 1997 will have no problem regarding their status as permanent residents. As to those returning after 1 July 1997, although the Chinese authorities have not made any specific decision so far, it is believed that they will have to live in Hong Kong for another seven years before they are granted the right of permanent residence.

The delegation of Hong Kong International Chamber of Commerce, headed by Cheng Ming-hsun, met Lu Ping yesterday. During the meeting, they discussed the issue of the residence of Hong Kong people and foreigners after 1997. Many member companies of the above chamber of commerce have employed returned Hong Kong people and foreigners, but they are not clear about the future status of residence for these employees.

Cheng Ming-hsun said: At the meeting, Lu Ping explained in detail that Hong Kong citizens who return to Hong Kong before 1 July 1997 will have no problem regarding their status as permanent residents. As to those who return after that date, he believes that they will have to live in Hong Kong for another seven years before they

can acquire permanent right of abode, although the Chinese authorities have, so far, made no specific decision on that. However, he feels that whether or not they have the status of permanent residents will make little difference except for voting and participating in elections. But he still extends welcome to these people for living and working in Hong Kong and hopes that by so doing more Hong Kong citizens will be encouraged to return.

With regard to foreigners who were not born in Hong Kong but have lived in Hong Kong for seven years, there is no problem concerning their permanent right of abode. After 1997, foreigners who have houses, either rented or owned, family members, and jobs in Hong Kong, pay taxes, are willing to take Hong Kong as their permanent residence, and have lived in Hong Kong for no less than seven years, can also enjoy the right of abode in Hong Kong.

Further on Right of Abode Issue

HK1112084094 Hong Kong SUNDAY HONGKONG
STANDARD in English 11 Dec 94 pp 1, 2

[By M. Y. Sung in Beijing and Mark Armsden]

[FBIS Transcribed Text] The right of abode issue, which affects 400,000 local people and an unknown number of expatriates, will not be resolved until after the transfer of sovereignty in 1997. The news came yesterday from China's top man on Hong Kong affairs, Lu Ping, who also made it clear it would affect the issue of Special Administrative Region (SAR) passports.

Mr Lu said the matter could not be resolved before 1997 because China and Britain had conflicting definitions of nationality and Hong Kong's Immigration Ordinance did not conform with the Basic Law. He said this was a key reason why there would have to be a provisional legislature after the handover. "If there is no provisional legislature, it will not be possible to make the immigration ordinance conform with the Basic Law," he said. The matter had to be settled before SAR passports could be issued, he said.

Mr Lu said the Hong Kong situation was particularly complicated as a large number of local people had obtained foreign passports or gained right of abode overseas. "We have to define who is a Chinese national, and then we can define who is qualified according to the Basic Law to have right of abode in Hong Kong," he said. "If the definition of Chinese national and right of abode in Hong Kong cannot be settled, how can we issue the SAR passport?"

Mr Lu's comments led to an explosion of anger from several legislators with vested interests in the issue. It is also expected to set off a firestorm of protests in coming days. The issue has been on the agenda of the Joint Liaison Group since it was set up in 1985. In recent

months, the British and Hong Kong governments have been privately and publicly pushing for an immediate resolution.

Speaking after a three-day meeting of the Preliminary Working Committee, Mr Lu said: "It is impossible for the British to make laws in Hong Kong to define Chinese nationality.

"It is impossible for the British to change the law to make thousands of British passport holders become defined as Chinese nationals."

Mr Lu said China and Britain had not been able to reach consensus on the definition of nationality and so the two countries only exchanged memoranda on their views when the Sino-British Joint Declaration was signed. According to the Chinese side, all Hong Kong Chinese compatriots, whether they held British Dependent Territories Citizens' (BDTC) passports or not, were treated as Chinese nationals. But Britain had stated that BDTC holders could retain an appropriate status, although the passport would no longer be valid after the transfer of sovereignty.

Mr Lu stressed that only a Chinese national with right of abode in Hong Kong would be eligible for the SAR passport. But the conditions for a Chinese national and a non-Chinese national for obtaining right of abode were not the same. This was stipulated in the Basic Law, Mr Lu said.

A Chinese national born in Hong Kong would automatically gain right of abode in the territory, whereas a non-Chinese born in the territory would have to live here for a continuous period of not less than seven years and have taken up permanent residence before gaining the same right. Mr Lu said it was important to clearly define Chinese nationality and right of abode in Hong Kong, as the two were inter-related.

However, Mr Lu said the design for the SAR passport was ready and the next step would be for China to introduce it to the foreign community through embassies and consulates. He urged Britain to take a lead by granting visa-free entry to SAR passport holders. He said China had co-operated with Britain on the issue of British National Overseas passports and had agreed to the right of abode for holders, thus enabling other countries to readily accept it as a normal passport.

The Vice-minister of Public Security, Tian Qiyu, said he might visit Hong Kong next year to canvass views on the future passport. Mr Tian also said China planned to increase the quota for single-entry permit exits for mainlanders wishing to come to Hong Kong. The PWC would also study how non-Chinese nationals who might become stateless in Hong Kong after 1997 could apply for naturalisation and secure the SAR passport.

In Hong Kong, Democratic Party (DP) legislator Dr Huang Chen-ya said the right of abode issue should be settled well before the handover. "I find this absolutely

appalling because this issue is something that people in Hong Kong are critically concerned about—especially, I think, people who are minorities in Hong Kong,” Dr Huang said.

Fellow DP legislator Dr Leong Che-hung said he expected the estimated 500,000 people affected by this announcement to react very angrily. “This is going to be very, very nasty business, because now they don’t know their status when they come back to Hong Kong,” Dr Leong said.

Long-standing legislator Jimmy McGregor said the announcement would create a lot of unease among the people holding foreign passports. “It seems unfortunate that China is unable to resolve this issue very quickly,” he said. “I can’t see any major difficulty in the way of China coming to a conclusion about the status to be granted to people who, while not of Chinese nationality, have lived here for a very long time and probably hoped to continue to live here.”

“There are now hundreds of thousands of people living and working in Hong Kong who will now not know until after 1997 whether they will be allowed to have the right of abode here.”

PWC Agrees on Nomination Rules

HK1012082494 Hong Kong SOUTH CHINA MORNING POST in English 10 Dec 94 p 1

[By Linda Choy in Beijing]

[FBIS Transcribed Text] Candidates for the post of Hong Kong’s first chief executive should be nominated by at least 50 members from the 400-strong selection committee, according to the Preliminary Working Committee (PWC). Members should nominate only one candidate each, meaning that there would be no more than eight candidates running for the top position of the Special Administrative Region.

Members of PWC also held the view that to be successful a candidate should be supported by at least half of the selection committee.

Details of the method of choosing the first chief executive emerged from group discussions during the PWC’s three-day plenum in Beijing on the work report compiled by the PWC political subgroup. The subgroup proposed that the selection committee should choose the chief executive either through “consultation” or “nomination and election after consultation”.

No ballot would be needed if the first option were adopted.

Professor Lau Siu-kai said an election affairs study group he chaired would consider various election methods. One is a single transferable vote system under which the candidate with the lowest number of votes is eliminated

until a candidate gets at least half of the ballots. He said the group was undecided whether a secret ballot would be adopted.

But there was an understanding that with either option, the selected candidate should enjoy the support of at least half the selection committee.

In its report, the political subgroup also suggested the selection committee be formed by consultation, with members drawn from business and finance; professionals, labour, grass roots and religious groups; as well as former politicians and delegates to the National People’s Congress and Chinese People’s Political Consultative Conference.

Tycoon Li Ka-shing, a PWC member, reiterated that businessmen with large business dealings should not be able to take up the chief executive post even though they may be willing to give up their shares to bid for the position. “Take myself as an example, if I were to form a trust with all my shares (in my companies) and let my sons run it... then, whatever business Victor and Richard do in Hong Kong in the future, there might be a conflict of interest,” he said.

Another PWC member, Paul Cheng Ming-fun, said the chief executive-designate should be a person of integrity, with firm stance and capable of cooperating with China.

‘Split’ Over Provisional Legislature

HK1012082694 Hong Kong EASTERN EXPRESS in English 10 Dec 94 p 2

[By Rain Ren in Beijing and Shiny Li]

[FBIS Transcribed Text] Members of the Preliminary Working Committee [PWC] are split over the extent of power the provisional legislature should have. The idea of setting up the provisional legislature was confirmed on Thursday by Qian Qichen, the director of the PWC, and the issue of whether the interim body should be as powerful as the pre-1997 Legislative Council became the focus of debate at yesterday’s PWC plenary session in Beijing.

One camp argues that the provisional legislature should enjoy the same power as a proper legislative council without any restrictions. Any bill it has passed should not need ratification later by the first legislative council of the Special Administrative Region [SAR] government.

According to this dominant argument, led by Xiao Weiyun, a mainland PWC member, the prestige of the provisional legislature will be challenged if its powers are restricted, as proposed by the PWC and approved by the director of the Hong Kong and Macau Affairs Office, Lu Ping.

Proponents maintain that any legislation passed by the provisional legislature will be undermined if it is seen as a caretaking interim body.

The other argument is that the power of the provisional legislature should be restricted as its function is simply to prevent a legal vacuum during the handover. The terms of office of its members should therefore be limited. Some Hong Kong PWC members, including Lau Shiu-kai and Tam Yiu-chung, are believed to favour this option.

Lu said last month legislation passed by the provisional legislature would have to be confirmed by the first SAR legislative council.

Meanwhile, the PWC's government and administration subgroup has proposed that only eight candidates be nominated by the 400-member selection committee to be formed in 1996 to select the SAR's first chief executive.

This proposal is modelled on the Basic Law's provision for the selection of the SAR chief executive. The Basic Law stipulates that an 800-member election committee elect the SAR's chief executive, except in the case of the first one.

According to the Basic Law, since the election committee may return eight candidates, the 400-member selection committee, should also nominate eight for the first SAR chief executive.

The PWC proposed two ways to appoint the first chief executive—through "local consultations" or through "nomination and election" after consultation with the successful candidate being formally appointed by Beijing. The deputy director of the local New China News Agency (Xinhua), Zhang Junsheng, yesterday denied a report that Beijing had a list of candidates for the first chief executive.

Communique Issued on Session

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[FBIS Translated Text] Beijing, 10 Dec (XINHUA)—Press Communique of the Fourth Plenary Session of the Preliminary Working Committee of the Preparatory Committee of the Hong Kong Special Administrative Region:

The Fourth Plenary Session of the Preliminary Working Committee [PWC] of the Preparatory Committee of the Hong Kong Special Administrative Region [HKSAR] was held in Beijing 8-10 December 1994. Chairman Qian Qichen presided over the session.

The session heard and discussed work reports submitted by five special groups and deliberated on proposals on relevant issues. Over the last six months, the special group for political affairs has focused on some of the issues directly related to the establishment of the HKSAR. The main issues studied included those concerning the establishment of a HKSAR preparatory committee, preparations for the organization of the first HKSAR government, and the establishment of a

HKSAR interim legislative council. The special group on economic affairs has focused on issues concerning the maintenance of the Hong Kong currency's associated exchange rates, Hong Kong's retirement pension system, economic and trade relations between Hong Kong and the mainland after 1997, Hong Kong's land and housing, coordination between large capital construction projects in Hong Kong and the mainland, and the land fund. The special group on legal affairs has focused on and proposed ways to deal with Hong Kong's current laws. The cultural affairs special group has focused on issues related to Hong Kong's education and culture, and put forward suggestions concerning the names, emblems, flags, and seals of public organizations in Hong Kong; Hong Kong's public holidays; honorary titles; and transitional arrangements for Hong Kong's postage stamps. The special group on social and security affairs has focused on the issue of the permanent residence in Hong Kong of children born in the mainland to Chinese citizens who are Hong Kong permanent residents. It has also studied the issue of regulations on applications for permanent residence in Hong Kong, and the issue of permanent residence status for emigrants returning to Hong Kong. The session was of the opinion that the proposals put forward by the various special groups were in line with the guiding principle of "one country, two systems"; were in conformity with the Hong Kong Basic Law and the relevant decisions of the National People's Congress and its Standing Committee; and that they took into consideration Hong Kong's reality and the interests and needs of all social sectors of Hong Kong. The session put forward some opinions on revising the work reports submitted by the various special Groups.

The session expressed satisfaction over the progress made by the various special groups since the PWC was set up one and a half years ago. It felt that the PWC had carried out work in all areas; that the issues it had discussed involved the establishment of a HKSAR regime and matters concerning Hong Kong's economy, culture, and people's livelihood; and that the PWC's work had laid a good foundation for next year's work. The session hoped the various special groups and their subordinate research groups would further their efforts and step up their work to achieve even more.

The session laid down a plan for the PWC's work for the first half of 1995; and asked the various special groups, based on the opinions put forward by the session, to further substantiate and refine the submitted proposals, and to step up the study of the various issues listed in their respective work schedules, so that suggestions and proposals on the majority of issues under study can be formally submitted to the Fifth Plenary Session of the PWC.

The session decided to hold the Fifth Plenary Session in Beijing on 22-24 June 1995.

Elite Cadres To Ensure 'Tight Grip' Over SAR

HK1412053494 Hong Kong SOUTH CHINA
MORNING POST in English 14 Dec 94 pp 1, 5

[By Willy Wo-Lap Lam]

[FBIS Transcribed Text] Mainland authorities are training an elite corps of officials and "trouble-shooters" to be stationed in Hong Kong after 1997. This, together with the garrison of 8,000-odd crack troops as well as the untold numbers of cadres and agents who have already infiltrated the territory, will ensure the Chinese Communist Party's (CCP) relatively tight grip over the Special Administrative Region (SAR). Moreover, Beijing is putting the finishing touches to its policy on CCP activities in post-1997 Hong Kong.

If the hardliners have their way, the 54-million strong party might operate openly in the SAR and even field candidates for local elections. Chinese sources in Beijing said that units, including the party's Organisation Department and the Hong Kong and Macao Affairs Office, had over the past 18 months picked several hundred young turks for the SAR. These are rising stars in their late 30s and 40s with department or bureau-level ranks. Mostly graduates of prestigious universities, they have passed rigorous security and ideological checks.

The Hong Kong-bound cadets are now being coached for at least one year in subjects including English, Hong Kong law, security issues, and international trade at special centres in Beijing, Shanghai and Guangzhou. The bulk of the trainees will also undertake short-term courses in administration, law or business in Western universities. "The cadets are not supposed to tell relatives and friends about the training and their future posting," a Beijing source said. "Often they just 'disappear' under the pretext of a job transfer to another city."

Neither the Joint Declaration nor the Basic Law has made provisions for mainland officials working in the SAR administration. In theory, this elite corps would service "peripheral" units such as the Hong Kong offices of State Council departments including the Foreign Ministry, the Defence Ministry, and various economic ministries. However, neither has the Basic Law made allowance for strange creatures like the provisional legislature that will be Hong Kong's lawmaking body in the first year of the transition, said a source familiar with Beijing's Hong Kong strategy.

The officials under training have had ample experience in areas including finance, business, law, security, labour, social welfare and culture. The source said some among them would be attached to SAR government departments in an "undercover manner" or by assuming titles such as "consultants" or "liaison officials with Beijing". "If everything is going well between Beijing and the SAR, such 'liaison personnel' will function as benevolent watchdogs," he said. "If Beijing wants to tighten control, such mainland mandarins have the

wherewithal—including direct access to the State Council—to crack the whip on SAR administrative appointees."

These "mandarins from up north", who will function above ground, pale in numbers beside the estimated 10,000-odd cadres, agents and plenipotentiaries who have either landed in Hong Kong or will be arriving in the next few years. Most of them have come legally, as businessmen, academics, researchers, journalists, or relatives of Hong Kong citizens.

In addition to "up front" departments such as the industrial and foreign trade ministries, they report to "proletarian dictatorship" organs including the Ministry of State Security (MSS), the Ministry of Public Security, and the intelligence outfits of the People's Liberation Army, the International Liaison Department, and the United Front Department. A minority have become the staff of the "private liaison offices" maintained in Hong Kong by senior leaders including Jiang Zemin, Li Peng and Yang Shangkun.

Partly thanks to the recent liberalisation of the Hong Kong Government's immigration policy, such cadres and agents have over the past two years had a new route—and a new disguise for "infiltrating" the territory. SAR-bound agents are first sent to the United States or other Western countries for brief stints in universities or corporations. They then apply to work in Hong Kong companies both ordinary ones and those with Chinese connections as "Western-trained Chinese professionals".

Various ministries and institutions in China have, with the help of the MSS, set up special units to provide the cover for "infiltrators" who are going to Hong Kong directly or through a Western country. Local sources have identified at least three academic and "international exchange" units in Guangdong which are staging grounds for Hong Kong.

In a few instances, the MSS and such "spring board" outfits have engineered disinformation campaigns to smooth the cadres' entry into non-leftist circles in Hong Kong society. One familiar tactic is to make out that they had suffered political "persecution" because of participation in the 1989 democracy movement.

By and large, these agents and "infiltrators" will after 1997 complement the role of the formally trained mandarins to be attached to the SAR administration. And, as many are already well-established staff in ordinary Hong Kong units including banks, newspapers and colleges, they are in a position to funnel unique information to relevant departments in Beijing.

However, not a small proportion of them represent ministries and units—such as military intelligence or particular CCP factions and clans—that have no direct relations with Beijing's Hong Kong policy. And it is conceivable that power struggles might erupt between

cadres from different backgrounds—as well as their new-found supporters and joint-venture partners in Hong Kong. And what about the future operations of the CCP, which has all along been an underground, super-secretive organisation in the territory?

The Basic Law is murky about the post-1997 modus operandi of the world's largest Communist party: what is clear is only that the CCP must work within SAR laws. Informed sources said Beijing was debating whether the CCP should come in from the cold after the changeover, and if so, how open and aggressive it should be.

The more hardline among Beijing's Hong Kong policy makers have argued that the CCP should register formally as a political party, that it should openly recruit members and field candidates for parliamentary elections, though not necessarily for the first one in mid-1998. There are signs that the tough line is gaining ground. A harbinger of the future can be found in the dongzu (CCP cells) that are sprouting at an alarming rate in local Chinese corporations as well as unexpected places like the universities.

According to veteran academics, cells have recently been set up in most of the territory's institutes of higher learning. Up to now, these dongzu have stayed secret and their role is passive: ensuring that party members among Chinese nationals teaching in the colleges do not succumb to "bourgeois liberalisation". "But who knows whether the cells will report our conversations and political views to state security," said a Hong Kong-born university lecturer, who added most of his colleagues had exercised self-censorship to avoid trouble.

As more Chinese professionals who are CCP members find employment in large institutions such as banks, trading hongs and TV stations, dongzus are expected to be set up there and to do what Beijing would consider to be the right thing.

Patten: China Must Provide Answers, Reassurance

HK1312063194 Hong Kong *EASTERN EXPRESS* in English 13 Dec 94 p 2

[FBIS Transcribed Text] As 1997 draws closer, people will look to China for answers and for reassurance about life after 1997, the Governor, Chris Patten, said yesterday.

Speaking during his first official visit to South Korea, he said: "The more China provides those answers and that reassurance, the greater confidence will be in Hong Kong the more Hong Kong will prosper and thrive, and so too will China."

He issued a challenge to China: "Chinese officials say a great deal about the importance of co-operation and they say a great deal about the importance of a smooth transition, but we have an expression, 'Action speaks louder than words'."

Addressing the Hong Kong Korea Round Table Conference in Seoul yesterday, Patten assured his audience that the Joint Declaration guaranteeing Hong Kong's way of life will continue for 50 years.

He invited Korea and Koreans to come in even larger numbers than at present, "to plant flowers with us in the future, and to prosper in the next chapter of the Hong Kong story".

Patten had an official meeting with the Korean President Kim Young Sam.

Meeting Cho Seung Joon, the Chairman of the Trade and Industry Select Committee of the National Assembly, he discussed a range of issues. These included the World Trade Organisation that, following the recent Asia-Pacific Economic Co-operation meeting and the liberalisation of the Korean economy, will provide more opportunities for South Korea and Hong Kong business.

Today he will meet Hong Jae Hyong, Deputy Prime Minister, before leaving for Tokyo for a four-day visit.

Solicitor General Defends Human Rights Record

HK1112084494 Hong Kong *SUNDAY HONGKONG STANDARD* in English 12 Dec 94 p 2

[By Vittoria D'Alessio]

[FBIS Transcribed Text] The solicitor-general has launched a zealous defence of Hong Kong's handling of human rights after the United Nations last week released a damning report about the territory's record.

Commenting on the report, which criticises Hong Kong's handling of Vietnamese asylum seekers, its treatment of cage-dwellers, and the territory's judiciary, Daniel Fung said yesterday that "without wishing to sound complacent or smug", Hong Kong's human rights record ranked among the best in the world.

"Over the past three years, more has been done to establish, enhance and protect human rights in Hong Kong than in any other moment in Hong Kong's history," he said. "I would say that comparing the report on Hong Kong with the reports of other countries... Hong Kong clearly falls within the category of territories and countries that have a high regard for human rights."

"Hong Kong compares very well not just with other Asian countries but with first-world countries."

Mr Fung said the conclusions of the survey's authors should certainly not be taken as final. "Most members of the UN committee (on economic, social and cultural rights) have never been to Hong Kong at all," he said.

"It would be wrong to give the impression these are individuals who have come to Hong Kong and studied its problems over months or years."

"The time devoted to Hong Kong in oral questioning (by the UN committee) was two days. I think it is a far cry to

say that they have a comprehensive or profound understanding of (Hong Kong's) situation."

Mr Fung also dismissed the UN's criticism that Hong Kong's judges had a low level of awareness or interest in human rights issues. "It is simplistic to assume judges in Hong Kong have no knowledge of human rights."

"Considerable efforts have been made on the part of the judiciary to enhance their knowledge and understanding of human rights jurisprudence," he said.

Mr Fung also refused to accept the UN's criticism of the territory's immigration policies. "It is precisely because of the limited space and the size of the population in Hong Kong that we do not have an open door policy whereby people from other countries can enter Hong Kong at will," he said.

On the same subject, principal assistant secretary for security Maureen Chan said: "The UN committee said our policy is to split families but our policy is to try to re-unite families."

Commenting on the plight of the "cage people", principal assistant secretary for Home Affairs Francis Lo said: "The government has been tackling the problem vigorously."

"The number of (cage) lodgers has fallen over the past few years. In 1990, there were 4,000. Now there are 3,200." He did not expect the problem to last beyond 1996, by which time all bed spaces should be licensed.

Says Court View 'In Line'

HK1412054094 Hong Kong SOUTH CHINA MORNING POST in English 14 Dec 94 p 1

[By So Lai-Fun]

[FBIS Transcribed Text] The Solicitor-General Daniel Fung, said yesterday a statement by senior Chinese official Lu Ping on the Court of Final Appeal's judges did not depart from the Basic Law—contradicting the Governor, Chris Patten.

Mr Fung, No 2 in the Legal Department, said Mr Lu's remarks that the Basic Law did not guarantee a through-train for judges appointed to the Court of Final Appeal were in line with the post 1997 charter.

Mr Patten, however had said on Sunday that Mr Lu's statement might have contradicted the Basic Law. Mr Lu is the Director of the State Council's Hong Kong and Macao Affairs Office. Britain was, therefore, going to ask Chinese officials for clarification of the judges' situation during the Joint Liaison Group meeting which starts in London today. But Mr Fung pre-empted the move by saying that as he understood it "Mr Lu Ping is merely talking about the rights under the Basic Law of the Special Administrative Region (SAR) in appointing its own judges". "Therefore, I don't regard this statement as a remark to the effect that each individual judge be

vetted for various different considerations after 1997," he said after a luncheon speech.

Article 88 of the Basic Law says judges should be appointed by the chief executive on the recommendation of an independent commission.

Mr Fung likened the situation of the judges to those of civil servants who would have to be appointed by the SAR government: He said if what Mr Lu meant about re-appointment was merely nominal such as taking an oath to the SAR to enable them to serve the bench, this did not violate the Basic Law. He was not worried that the Court of Final Appeal draft bill to be presented to the Legislative Council would fail to win public support as a result of what Mr Lu said. "What I do find reassuring from Mr Lu's remark is that he took the view that the Court of Final Appeal should be set up by 1997. "If it is set up according to the Joint Declaration and the Basic Law, the court, as an institution together with rules, regulations and machinery would survive beyond 1997. And I think that's very important."

Asked if the judges of the Court of Final Appeal would be guaranteed continuation of their appointment after 1997, Mr Lu had said: "The judges will be appointed in accordance with the Basic Law. "How the judges will be appointed, and will be able to continue to have their appointment, is a matter for the S.A.R government," he said.

Mr Patten countered by saying: "I was slightly surprised by reported remarks (made by Lu Ping) which seemed to be, in fact, contradictions to the Basic Law Article 93. "If Chinese officials were to say now that Article 93 no longer applied, it wouldn't just have an impact on the recruitment of judges in the future. It would have an impact on the whole rule of law."

Article 93 says judges and other members of the judiciary serving Hong Kong before 1997 may all remain in employment and retain their seniority and matters such as benefits. Mr Lu said again on Monday that the Basic Law did provide for judges to stay in office after 1997, referring to Article 93.

Director of Administration Richard Hoare said last night the Government accepted the need for a reappointment procedure as stipulated under the Basic Law. "The day he (Mr Lu) first commented about the Court of Final Appeal he did not seem to be acknowledging the article [93] at all. That's why the Governor made a statement," he said.

Official Discusses Proposed Retirement Plan

HK1312150594 Beijing ZHONGGUO XINWEN SHE in English 1309 GMT 13 Dec 94

[FBIS Transcribed Text] Beijing, December 13 (CNS)—Mr. Chen Ziying, deputy director of the Hong Kong & Macao Affairs Office under the State Council, met the Hong Kong Council of Social Services delegation today

and talked in detail on the retirement protection scheme and welfare for old people in Hong Kong.

He quoted Section 145 of the Basic Law of Hong Kong which states that the Hong Kong Special Administrative Region is empowered to determine its own trends and policies for future development, on basis of its economic conditions and social needs, within the framework of the existing social welfare system after 1997.

Chen said that the Preliminary Working Committee (PWC) has made a thorough study and held discussions and reached a consensus on the retirement protection scheme and social welfare questions in the territory.

The main points are as follows:

1. It is a must to make appeals to the Hong Kong community to give greater care to the old people, especially social security for those employees who have retired from their jobs. This problem has been existing for a long time and as the population in the territory is inclined to getting older, this must be solved as soon as possible.
2. Solution to this problem must be based on long-term benefits of Hong Kong as a whole to guarantee its stability and prosperity and conform to related stipulations of the Basic Law.
3. The Retirement Pension Scheme put forward by the British-Hong Kong government was in fact an allowance

to the old people which is an issue of social security and should not be mixed with the employees retirement scheme. From the viewpoint of the nature of the issue and social needs, the issue of employees retirement should be given prior attention and fully settled. At present, some companies have already set up a good basis for private provident fund systems and devised good administration systems to implement the compulsory provident fund schemes.

4. Because of the different views the Hong Kong people have towards this issue, the Hong Kong Government should take a very cautious approach in dealing with this issue and receive extensive opinions from various sectors of the community.

5. Because this is a question which the Special Administrative Region has to be committed to after 1997, it must be put forward for discussion at the Joint Liaison Group (JLG) and decisions can only be made after careful consultations.

Mr. Chen gave his full assurance to the efforts of the Hong Kong social workers and expressed his respect for them.

Mr. Zhao Bingxin, Director of the Department of the Hong Kong Society and Culture under the Hong Kong & Macao Affairs Office, was also present at the meeting.

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